

3188 28662

3 To Commerce and
GRAY
Baghdad
except first sentence
should be omitted
confidential, not for
publication.

TELEGRAM RECEIVED

Division of
EUROPEAN AFFAIRS
JAN 7 1941
DEPARTMENT OF STATE

OFFICE OF THE ATTACHE IN
INTERNATIONAL AFFAIRS
JAN-4 1941
DEPARTMENT OF STATE

FROM

Baghdad

Dated December 18, 1940

Rec'd 8:40 p.m.

DEC 21 1940

DEPARTMENT OF STATE
DEC 19 1940
DIVISION OF
NEAR EASTERN AFFAIRS

Secretary of State,

Washington.

DEC 20 1940
Division of
Recording Desk
J.P.F. 122

Department of State
COMMERCIAL AFFAIRS

122, December 18, 4 p.m.

British banks in Iraq have received instructions from their head offices in London to refuse all applications for dollar exchange. [The British maintain that Iraqi dollar credits resulting from their exports to the United States are more than sufficient to meet their normal purchases in the United States, but that the Iraqis have permitted their dollar exchange to be utilized for their purchases from Japan. In these circumstances Britain will not permit its meager dollar credits to be utilized by Iraq. It is estimated that Iraqi dollar credits lack by 30% enough to meet their normal American requirements plus the equipment for their army now on order in the United States. The gation's banker informed me today that the local British banks endeavored to persuade Iraqi Government to institute exchange control in order to safeguard their foreign credits for legitimate needs such as American credits for American goods but no action was taken.

890G.5151/6

NOT FOR PUBLICATION
JAN 11 1941
PS GC

The

3183

EH -2- 122, December 18, 4 p.m. from Baghdad.

The effect of this situation will be a throttling of
Iraq purchases in America until steps are taken to control
dollar credits for American purchases. 7

KNABENSHUE

NOT FOR PUBLICATION

EMB

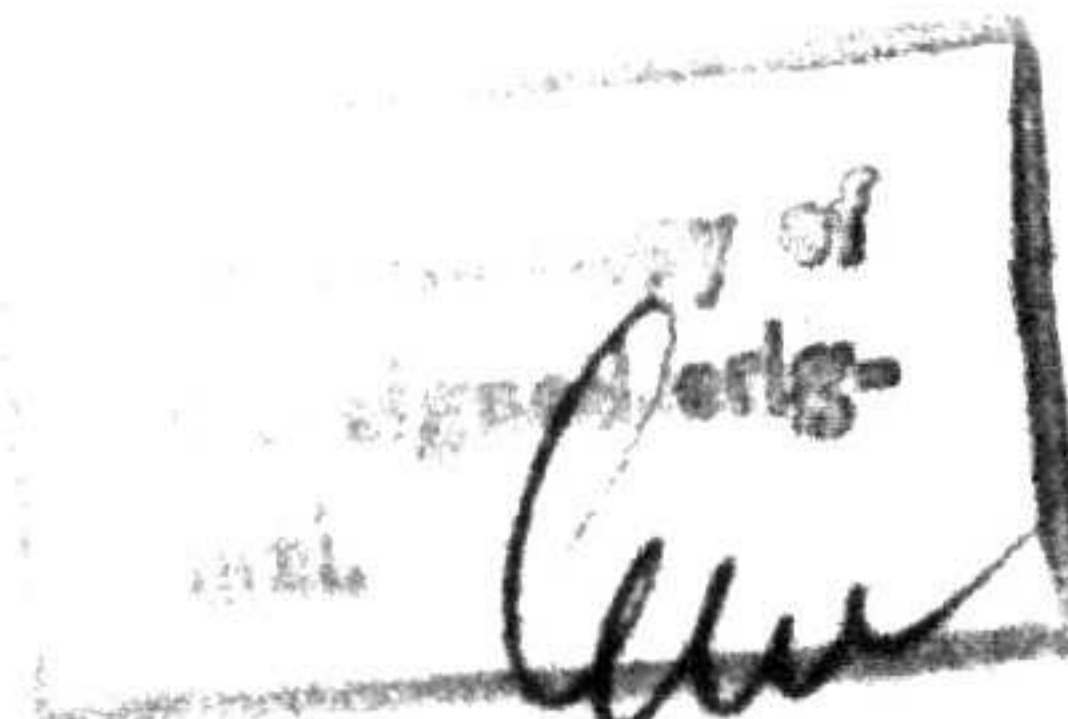
December 19, 1940.

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury, and encloses 6 copies of telegram No. 122 of December 18 from Baghdad, Iraq.

890 G. 5151/6

FW 890G.5151/6

PS/FF



EA:LW

HF

TELEGRAM RECEIVED

DIVISION OF
EUROPEAN AFFAIRS
DEC 28 1940
DEPARTMENT OF STATE

3191

EH

This telegram must be closely paraphrased before being communicated to anyone. (br)

FROM

Baghdad

Dated December 18, 1940

Rec'd 1:55 a.m., 19th.

Secretary of State,
Washington.

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
DEC 26 1940
DEPARTMENT OF STATE

DEPARTMENT OF STATE
F. J.
DEC 19 1940
DIVISION OF
NEAR EASTERN AFFAIRS

121, December 18, 3 p.m.

The following is a confidential comment on my telegram No. 122, December 18, 4 p.m. which will follow. While the British decision may be for financial reasons it is generally believed that ^{it is also} the beginning of a political and economic pressure to be increased in other directions until Iraq's attitude toward Britain becomes more cooperative.

KNABENSHUE

EMB

DEC 30 1940

FILED

8906.5151/7



Division of
FAR EASTERN AFFAIRS
FEB 6 - 1941

Department of State

LEGATION OF THE

UNITED STATES OF AMERICA

Baghdad, Iraq, December 10, 1940

AIR MAIL

No. 1674

Subject: Current Exchange Situation in Iraq.

RECEIVED
DEPARTMENT OF STATE

1941 JAN 18 AM 10 01

DIVISION OF
COMMUNICATIONS
AND RECORDS

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
JAN 29 1941
DEPARTMENT OF STATE

DEPARTMENT OF STATE
JAN 18 1941
DIVISION OF
NEAR EASTERN AFFAIRS

FOR DISTRIBUTION - CHECK

TO THE SECRETARY

Spec. to Sec. of State, Treasury, Tariff & Customs

RECORDING DESK
FEB 10 1941

DIVISION OF COMMERCIAL
TREATIES AND AGREEMENTS

FEB 3 1941

DEPARTMENT OF STATE

JAN 27 1941

The Honorable
The Secretary of State,
Washington, D.C.

Sir:

I have the honor to report that local merchants have recently complained to the Legation regarding difficulties which they have been experiencing in obtaining dollar exchange through London.

Up until recently merchants have been able to obtain dollars through London when they were in a position to prove that the exchange was needed for bona fide imports into Iraq. Recently a number of applications have been rejected, and the merchants have complained that they have been forced to obtain 'free dollars' at rates varying between 25 and 30 points lower than the London rate. (i.e. \$3.70-3.75, instead of \$4.02 to the £), while other merchants, whose permits have been approved,

have

have been able to obtain merchandise at more favorable prices.

Investigations made by the Legation and conversations with Bank officials indicate that the Exchange control authorities in London have recently adopted the policy of applying the same rules to applications from Iraq for dollars, as they are applying to applications from England, in other words approving only those applications which covered imports of essential goods. Banking officials state that they have not received instructions from London in this regard, but have reached this conclusion from a study of applications recently approved and rejected.

An informal conversation with the Commercial Secretary of the British Embassy here indicates that the British feel that Iraq has an ample supply of dollars, acquired from bona fide exports to the United States, and from re-exports of Persian goods. They see no reason, therefore, to grant Iraq dollars for non-essential goods, when the country possesses sufficient dollar exchange for her legitimate trade with the United States. This attitude is reflected in the policy of the British banks operating in Baghdad, which will sell the 'free dollars' which they acquire only when it is proved that they are needed for imports from the United States, or for the support of dependents in the United States. These 'free dollars' are sold by the banks at the London rate. However only a small proportion of the free dollars come into the possession of the banks, as exporters to the United States have found that they can sell their dollars at a premium to local importers from Japan, inasmuch as Japanese firms have in recent weeks been offering reduced prices to Iraqi merchants who make payments in dollars.

Thus one finds that the so called shortage of dollar exchange is not in the final analysis due to the refusal of the British exchange control to grant the necessary dollars, but due to the efforts of the Japanese to obtain "free dollar" exchange in this market. Thus in the absence of any exchange control measures on the part of the Iraqi Government, Iraqi importers of American goods of the luxury class are faced with the prospect of having to pay a premium for their dollars, the amount of which will depend upon the lengths to which the Japanese are willing to go to obtain dollars. Although the amount thus obtainable would probably be only one or two million dollars a year, this country remains one of the few places where they can obtain dollar exchange without having to export to the United States in order to obtain it.

Respectfully yours,


P. Knabenshue.

X

8406.5157/8

HRL

GRAY

Baghdad

26459

*Copy to R,
T. W. Burke*

TELEGRAM RECEIVED

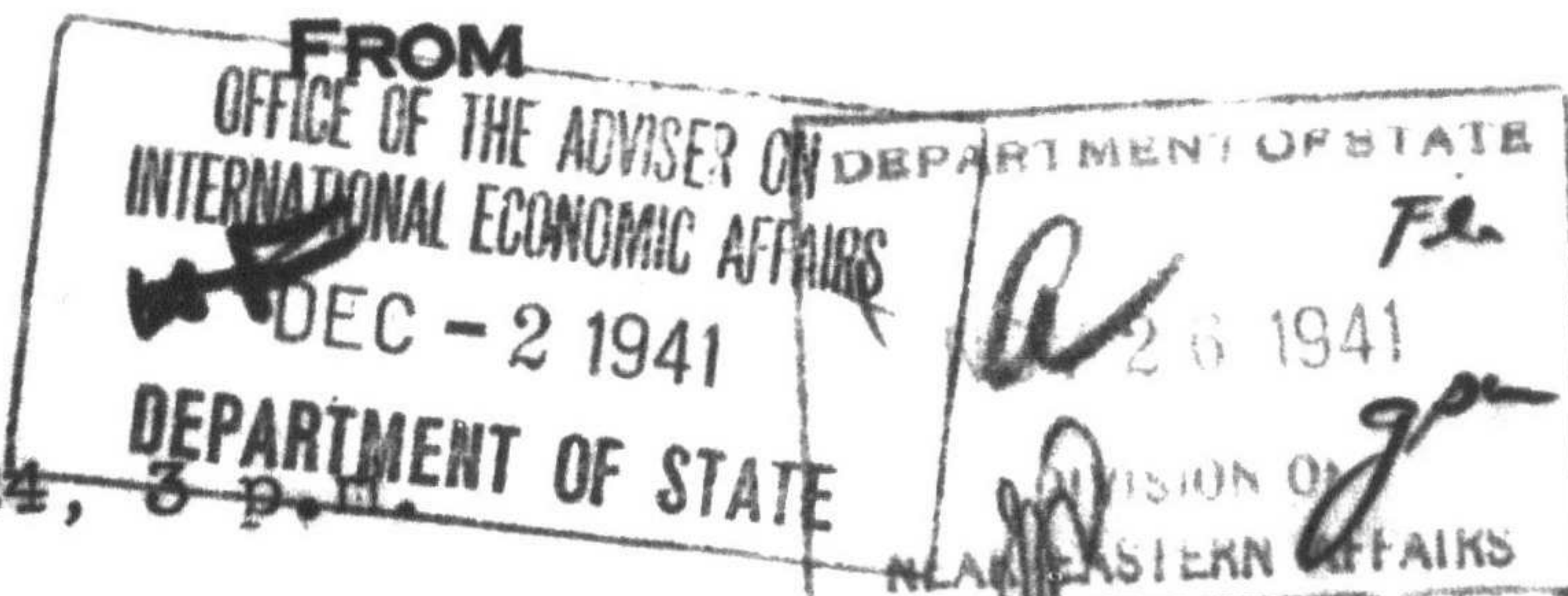
November 24, 1941

Rec'd 10:31 a.m., 26th

NOV 29 1941

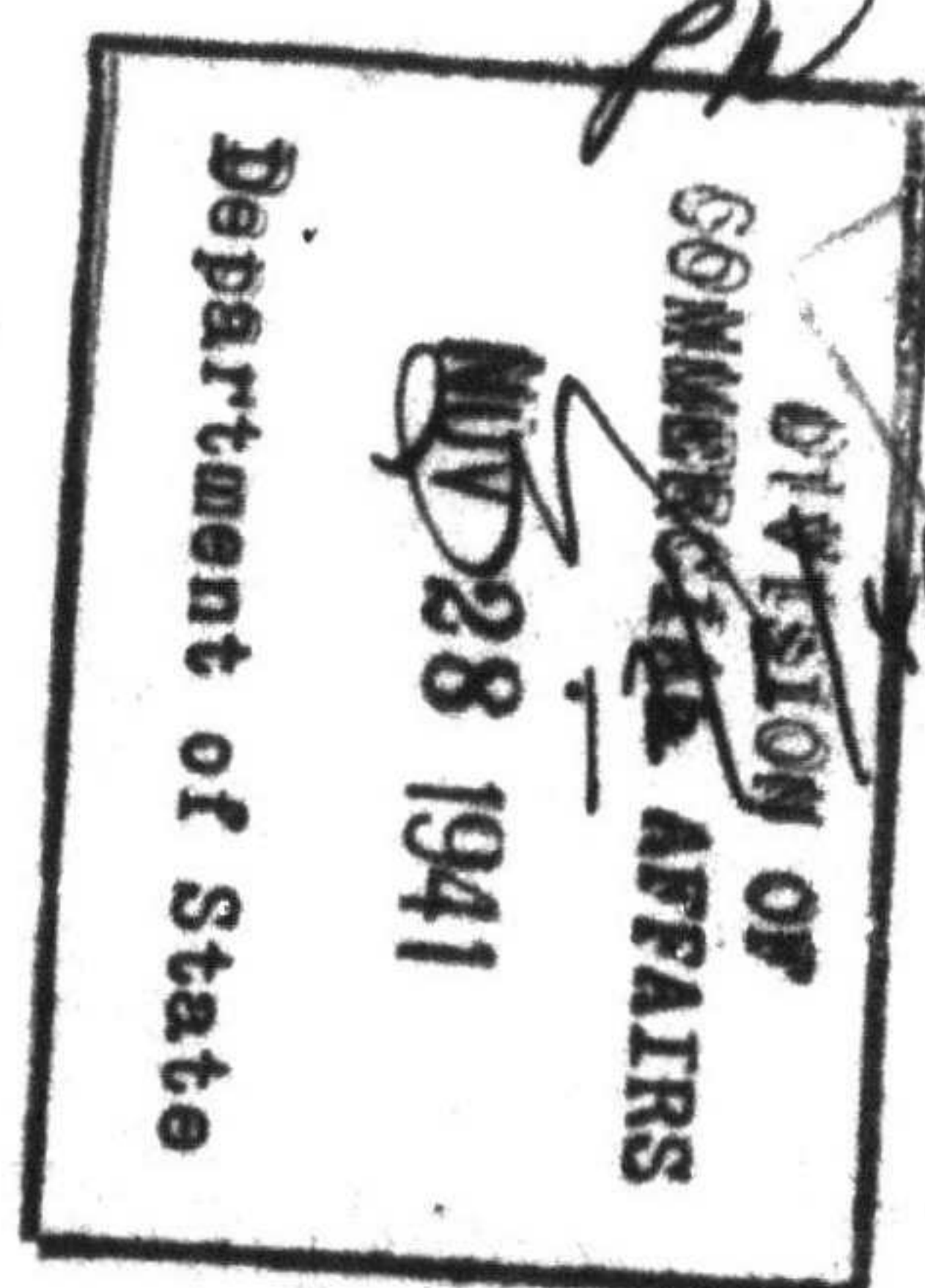
Secretary of State,
Washington.

325, November 24, 3 p.m.



8909.5151

The Iraq Parliament yesterday passed a law providing for the control of foreign exchange, which became effective today. Transaction in foreign exchange including dollars and Swiss francs are forbidden unless made through banks licensed by the Ministry of Finance. Restrictions do not cover currency of countries included in the sterling area. Am informed unofficially that rates for dollars will be as follows: Banks buying rate for dollars telegraphic transfers four point zero four five, selling rate for dollars telegraphic transfers three point nine eight five. Rates for mail transfers buying four point zero six five selling four point naught zero five. Text will be forwarded by air mail. Comment is given in telegram.



DCA
Recording Desk
File-J.P.
KNABENSHUE

HPD

DEC 5 1941

FILED

8909.5151/9

PS/BH

DEPARTMENT OF STATE

FINANCIAL DIVISION

FL ~~Stopped~~ distribution of this telegram as you suggested.

I think we might file it without further action since Knabenshue said he would transmit such a request

"if and when necessary".

From this I gather the matter has not yet reached the action stage.

GL

not sent at
10 request } *[Signature]* } *[Signature]*
5

TELEGRAM RECEIVED

AMT

Baghdad

This telegram must be closely paraphrased before being communicated to anyone. (br)

FROM Dated November 24, 1941

Rec'd 11:35 a.m., 25th

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
DEC - 3 1941
DEPARTMENT OF STATE

Secretary of State,
Washington.

DIVISION OF
EUROPEAN AFFAIRS
NOV 29 1941
DEPARTMENT OF STATE

DEPARTMENT OF STATE
Fe
NOV 26 1941
DIVISION OF
NEAR EASTERN AFFAIRS

325, November 24, 5 p.m.

Referring to telegram No. 325 of November 24,

3 p.m. it is understood that the British have insisted on such exchange legislation as prerequisite to Iraq's entry into the sterling bloc. The control will be administered by the three British banks now operating in Iraq. The measure was drafted by an official of the Reserve Bank of India, now in Baghdad, who has given the Legation to understand that it includes permissive power to enable the Government to take over United States dollar balances of Iraqi subjects, and indicated that if this permissive power were applied that it might be necessary to request assistance of United States Treasury in locating such balances. I have assured the official in question that although I was not aware of the Treasury's policy in such matters, I would be glad to transmit such a request if and when necessary. This

Legislation should

8909.5151
FINANCIAL DIVISION

DEC 4 - 1941

DEPARTMENT OF STATE

Department of State

DEC 2 - 1941

DIVISION OF
COMMERCIAL AFFAIRS

8909.5151/10

DEC 5 1941

RECEIVED
B.H.

-2- #326, November 24, 5 p.m., from Baghdad

Legislation should be helpful in controlling Iraq's imports of essential goods, and ensuring that the dollars available be used for trade between the two countries, and not for private hoarding.

KNABENSHUE

GW



LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, Iraq, November 28, 1941.

No. 1789

Subject: Regulations Regarding Exchange Control
in Iraq.

RECEIVED
JAN 10 1942
DEPARTMENT OF STATE

DEPARTMENT OF STATE
JAN 10 1942
BUREAU OF ECONOMIC AFFAIRS

DIVISION OF COMMERCIAL
POLICY AND AGREEMENTS

JAN 20 1942

DEPARTMENT OF STATE

RECORDING
FILE J.P.A.
JAN 9 - 1942
DIVISION OF
COMMERCIAL AFFAIRS
DEPARTMENT OF STATE

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
JAN 10 1942
DEPARTMENT OF STATE

JAN 16 1942

The Honorable

The Secretary of State,
Washington, D.C.

DEPARTMENT OF STATE
DIVISION OF RESEARCH & PUBLICATION
PUBLICATIONS DISTRIBUTION UNIT
DEC 26 1941

Sir:

I have the honor to refer to the Legation's telegrams Nos. 325 (and 326) of November 24 at 3:00 and 5:00 p.m. (respectively) regarding the Exchange Control Law, and to enclose herewith a copy of the proposed draft of the law, which it is understood was passed as drafted, and the following regulations and instructions which have been issued under the provisions of the law:

1. Explanatory Leaflet for the Information of Banks and the Public.
2. Exchange Control Law: Notice to Exporters.

3. Notice

8906.5151/11

FEB 11 1942

PS/MCD

3. Notice to Exporters. Exchange Control Law.

4. Circular No. 1, To Licensed Dealers in Exchange.

5. Circular No. 2, To Licensed Dealers in Exchange.

There is also enclosed, as of possible interest to the Department a copy of Form Y, which all travelers passing through Iraq must complete at the point of entry.

Respectfully yours,



P. KNABENSHUE.

✓
Enclosures:

As stated.

File No. 851.51
GHM/efg.

LAW NO. 71
EXCHANGE CONTROL
PROPOSED DRAFT OF THE LAW

Article 1.

In this law

- (1) "Committee" means the Exchange Control Committee set up under Article 3 of this law.
- (2) "Foreign Exchange" means any currency, bill of promissory note, credit or balance, payable in other than Iraqi currency, sterling and such other currencies of the Sterling Area as may be notified by the Minister of Finance from time to time.
- (3) "Sterling Area" means such territories as the Minister of Finance may from time to time declare.
- (4) "Licensed Dealer" means a person authorised by the Minister of Finance to deal in Foreign Exchange set out in paragraph (1) of Article 3.

Article 2.

- (1) For the purposes of the control of Foreign Exchange an Exchange Control Committee shall be constituted in the Ministry of Finance, to be composed of the following persons:-
 - (a) A president to be appointed by the Council of Ministers.
 - (b) A representative of the Licensed Dealers to be appointed by the Minister of Finance after consultation with the Licensed Dealers.
 - (c) An official of the Ministry of Finance to be appointed by the Minister of Finance.
 - (d) A member of the Baghdad Chamber of Commerce to be appointed by the Minister of Finance upon the proposal of the Baghdad Chamber of Commerce.
- (2) Three persons shall form a quorum and in the absence of the appointed President the members present shall elect one of themselves to preside.
- (3) Decisions of the Committee shall be by majority of vote. In the case of equality of votes the President shall have a second vote.
- (4) Except as set out in paras (2) and (3) the Committee shall frame its own internal rules for all matters regarding the conduct of its business.
- (5) The Committee may appoint a person, with such designation as the Minister of Finance may approve, to carry out its orders.
- (6) The President and members of the Committee may

receive

receive such allowances as the Minister of Finance shall decide.

Article 3.

- (1) No person shall buy or borrow any foreign exchange or lend or sell any foreign exchange or effect any gift or other transaction involving foreign exchange except from or to a person licensed by the Minister of Finance.
- (2) Paragraph 1 of this Article shall also apply to a payment in any currency not within the definition of foreign exchange if it is made to a person not resident in the Sterling Area.
- (3) No person shall, except with permission of the Committee, acquire or sell any securities from or to a person not resident in the Sterling Area.

Article 4.

For the purpose of this law, the Minister of Finance shall prescribe the persons who are to be regarded as not resident in the Sterling Area and in case of doubt his certificate shall be conclusive as to whether any person is to be regarded as resident in the Sterling Area or not.

Article 5.

Except with permission of the Committee, a Licensed Dealer shall not do anything referred to in paragraphs (1) and (2) of Article 3 except for the following purposes:

- (a) of meeting reasonable requirements of a trade or business carried on in Iraq, or
- (b) of performing a contract made before this law comes into force, or
- (c) of defraying reasonable travelling or other personal expenses.

Article 6.

- (1) The License granted by the Minister of Finance shall specify the nature of the currencies in which the Licensed Dealer is allowed to deal and the Committee may from time to time issue instructions as to the nature and conditions of the transactions which he is allowed to transact, and the Licensed Dealer shall not effect any transaction except in conformity with the instructions issued by the Committee.
- (2) A License may at the recommendation of the Committee be revoked by the Minister if he is satisfied that the licensee has not conformed to the provisions of this Article.

Article 7.

The Minister of Finance may from time to time issue orders, by publication in the Official Gazette and the local press, calling on all persons, other than Licensed Dealers, to offer or cause to offer to him, for sale, such foreign exchange as they may possess, of the nature and at the price specified in the order.

Article 8.

- (1) No person shall export goods of any description from Iraq to any territory outside the Sterling Area unless he has satisfied the Committee that the payment therefore will be made in accordance with the conditions prescribed by the Committee..
- (2) The Minister of Finance may exempt any territory from the provisions of this Article or extend the operation of this Article to any other territory.

Article 9.

- (1) Subject to any exemptions which may be notified by the Minister of Finance, no person shall, except with the permission of the Committee, take or send out of Iraq or bring into Iraq any banknotes, postal orders, gold, securities or foreign currency.
- (2) Subject to any exemptions which may be notified by the Minister of Finance, no person shall, except with the permission of the Committee, buy, sell or otherwise transfer banknotes expressed in any currency other than Iraqi currency.
- (3) Paragraphs (1) and (2) of this Article shall not restrict the doing of anything within the scope of his authority by a Licensed Dealer.

Article 10.

The Committee may require any person, within such time and in such manner as may be specified by them, to furnish to them or to some person designated in the demand, any information in his possession or control which the Committee may require for the purpose of securing compliance with or detecting evasion of the foregoing Articles, and the person receiving such demand shall comply with the same to the best of his ability.

Article 11.

Before doing any transaction mentioned in this law a Licensed Dealer may require any declarations and information which may be reasonably necessary to satisfy him that the transaction is one which he is entitled to do.

Article 12.

A Licensed Dealer shall furnish to the Committee particulars of operations in foreign exchange and

any

any other returns considered necessary, in such manner and at such periods as the Committee may direct.

Article 13.

If a Licensed Dealer should refuse an operation on the ground that it is not permitted the person concerned may refer the matter to the Committee whose decision shall be final.

Article 14.

Regulations may be issued

- (a) Forbidding operations in the banking accounts of specified persons or classes of persons in any currency.
- (b) The opening of special accounts for the purpose of the conduct of trade with specified countries.
- (c) Imposing a Government tax not exceeding 5 fils per Dinar on all transactions to which Article 3 applies and prescribing the method of collection thereof.

Article 15.

If any person contravenes any of the provisions of this law, the regulations or orders issued thereunder, he shall be punishable with imprisonment for a term not exceeding six months or with a fine not exceeding 500 dinars or both imprisonment and fine.

Article 16.

This law shall come into force from the date of its publication in the Official Gazette.

Article 17.

The Minister of Finance is charged with the execution of this law.

CONTROL RATES.

DOLLARS

-

T.T.

Buying 404½

Selling 398½

DEMAND.

Buying 406½

Selling 400½

SWISS FRANCES.

-

T.T.

Buying 17-53

Selling 17-27

NO DEMAND RATES ON SWITZERLAND.

EXPLANATORY LEAFLET FOR THE INFORMATION OF BANKS AND THE PUBLIC.

EXCHANGE CONTROL LAW OF 1941.

1. In terms of the Exchange Control Law which comes into force on the 24th of November 1941 all dealings in foreign exchange *are prohibited except through the medium* of a person licensed by the Minister of Finance. Under the law and notifications issued thereunder "foreign exchange" means any currency, bill or promissory note, credit or balance, payable in other than Iraq currency, sterling and the currencies of the Sterling Area and "Sterling Area" includes the following territories:—

Egypt, Palestine, Anglo-Egyptian Sudan, Syria, Lebanon, United Kingdom, all British Dominions, Colonies, Protectorates, Dependencies and Mandated Territories (except Canada and Newfoundland), French Equatorial Africa, Cameroons under French Mandate, French Oceania, French Establishments in India, Iceland, Faroe Islands, Belgian Congo, and Ruanda Urundi.

2. The Minister of Finance under powers conferred on him by Article 6 of the Exchange Control Law has issued licences to the following banks to deal in foreign exchange and such banks will be referred to in this leaflet as Licensed Dealers:

Eastern Bank Ltd., Baghdad, Basrah, Mosul and Amarah.
Ottoman Bank, Baghdad, Basrah and Mosul.
Imperial Bank of Iran, Baghdad and Basrah.

3. The rates at which foreign exchange may be sold and purchased will be issued by the Exchange Control Committee and all transactions at any rates other than those issued by the Exchange Control Committee are prohibited.

4. Until further notice, foreign exchange will be made available through a Licensed Dealer only for the following purposes:

(a) of meeting reasonable requirements of a trade or business carried on in Iraq, or

(b) of performing a contract made before the 24th of November 1941, or

(c) of defraying reasonable travelling or other personal expenses.

5. The reasonable foreign exchange requirements of a trade or business carried on in Iraq will be met so far as possible, but application in all cases must be made to a Licensed Dealer by completing Form (E) and producing satisfactory evidence of the facts. It is not permitted to remit money by sending a cheque or in any other way without obtaining official permission through a Licensed Dealer. Every facility will be given for the completion of commercial contracts and contractual obligations entered into prior to the introduction of the Exchange Control Law, but this does not mean that long-term commercial or other contracts can be carried out in every case. If a person has contracted to pay for goods which have not yet been shipped, the relative foreign exchange will not be available unless an Import License is obtained.

6. In the case of foreign exchange for travelling purposes Form (T) must be completed and submitted to a Licensed Dealer.

7. Transfers in Iraqi Dinars or in any currency of the Sterling Area by a person in Iraq to the account of a person resident outside the Sterling Area is not permitted without prior approval by a Licensed Dealer on Form E. 1.

8. Persons who maintain accounts either with banks, firms or persons in countries outside the Sterling Area will not be permitted to draw on such accounts without the prior approval of the Exchange Control Committee. Drawings will not be permitted unless they are for reasons for which a sale of foreign exchange would be sanctioned.

9. Special leaflets are being issued for the information of importers and exporters which will describe the procedure to be followed and this should be carefully studied by all concerned.

10. General permission has been granted to any person to take out of Iraq or bring into Iraq banknotes or foreign currency, including Iraqi Dinars, at any one time but not more frequently than once a month up to the following limits:—

(1) To and from India—ID. 75-000 or the equivalent thereof in Rupees.

(2) To and from Palestine, Transjordan, Egypt, Syria and Lebanon—ID. 25-000 or the equivalent thereof in the currency of the countries mentioned.

Form E

Form T

Form E.1

Notice to Importers
to Exporters

(3) To and from any other country—ID. 10-000 or the equivalent thereof.

(4) Bank of England notes may not be *taken out* or brought into Iraq exceeding £. 10/- in value.

Form C
No form will be necessary for amounts within the limits specified above but if any person wishes to take out or bring into Iraq an amount in excess of these limits, then application must be made to a Licensed Dealer and if the amount is approved a certificate on Form (C) will be issued which must be surrendered to the Customs Officer before leaving Iraq.

Persons arriving in Iraq must complete a declaration on Form (Y) which may be obtained from the Customs Officer. If a person is in transit the declaration on Form (Y) should be retained and it will be accepted as a justification for taking the same amount of money out of the country provided the person leaves within two months; the amount of money brought in will also be stamped on the traveller's passport.

11. The export and import of all banknotes or foreign currency by post is prohibited except with permission granted by the Exchange Control Committee.

12. The export and import of gold to and from any country in the Sterling Area is freely permitted but it is necessary to obtain a licence from the Exchange Control Committee. The exportation of gold to Sterling Area countries is, of course, dependent on the exchange regulations in force in the country of importation. The export of gold to countries outside the Sterling Area is not permitted except under special authority granted by the Exchange Control Committee.

13. The buying, selling and transferring of banknotes of any currency except Iraqi Dinars is not permitted and if any person or bank desires to transact any business in banknotes or foreign currency he should address his application to the Exchange Control Committee through the medium of a Licensed Dealer.

14. The public and banks are notified that the export and import of securities is not permitted unless the prior approval has been obtained of the Exchange Control Committee.

15. Bankers other than Licensed Dealers who wish to maintain their normal relations with foreign correspondents should apply for permission to the Exchange Control Committee.

16. Any information with regard to the working of the exchange control and the interpretation of the Law and instructions should be made to a Licensed Dealer and in the event of any person having to make application to the Exchange Control Committee, this should be done through the medium of a Licensed Dealer.

17. The public and Banks are warned of the heavy penalties attached to the contravention of this Law.

EXCHANGE CONTROL LAW.

NOTICE TO IMPORTERS.

1. Applicants to whom foreign exchange has been allotted for the purchase of goods from abroad are reminded that they must satisfy the Exchange Control Committee through the medium of a Licensed Dealer that the foreign exchange sold to them was required and has in fact been used for the purpose for which it was granted. Any surplus of an allotment must be resold to the Licensed Dealer unless permission is granted through the Licensed Dealer for it to be retained.

2. The applicant will have in his possession a duplicate of his foreign exchange application (Form E.), which duplicate he must in due course produce to the Licensed Dealer through whom the currency was purchased, together with evidence of importation and of the amount of foreign currency required to effect the purchase and importation of the goods.

3. The procedure for obtaining the necessary evidence of importation is as follows. At the time the goods are entered to Customs an additional copy of the entry, conspicuously marked in red ink "FOR EXCHANGE CONTROL PURPOSES ONLY", must be presented. This copy will be stamped by the Customs and returned to the importer or his agent on the passing of the entry. Before production to the Licensed Dealer (see paragraph 2) this copy must be endorsed at the top with the number of the foreign exchange application (obtained from the duplicate Form E.) against which the importer desires the importation to be written off. In addition, the importer must attach to the entry on presentation to the Licensed Dealer a copy of the invoice on which settlement for the goods has been or will be made, and must endorse thereon particulars of any charges payable in addition to the purchase price, in the following form:—

Nature of charge.	To whom payable.	Amount and currency in which payable.
-------------------	------------------	---------------------------------------

The particulars of charges as above may, if it is so desired, be endorsed by the importer or agent on the back of the Exchange Control copy of the entry, the endorsement being signed and dated.

4. Where application for exchange is made in respect of transit or transshipment goods, a copy of the "transshipment entry" will form the Exchange Control copy of the Customs entry.

5. In cases where the application for foreign exchange is made after the importation of the goods, the evidence of importation obtained as explained above and the copy invoice should be presented with the application.

6. In the case of goods for which the settlement price is not known at the time of importation on consignment for sale, the documentary evidence subsequently to be produced is the invoice or statement on which settlement is made with the supplier.

7. Not more than one copy of an entry for imported goods will be certified by the Customs for Exchange Control purposes, and no copy will be issued to any person other than the importer or his agent who enters the goods.

8. Where the applicant for exchange is not the importer in whose name the Customs entry is made he should obtain the Exchange Control copy of the entry from the importer. If, however, such copy is not available by reason of the fact that the entry covers goods for more than one applicant for exchange, the applicant must ascertain and endorse on the invoices particulars of the relative Customs entries, viz., port of importation, name of importing ship and date of import, number and date of entry.

9. Where goods imported in more than one consignment are included in an invoice produced under paragraph 3, it should be accompanied by the Exchange Control copies of such entries as wholly relate thereto, but in so far as the invoices may relate to part only of goods included in a particular entry or entries, the invoice must be endorsed with particulars of the relative Customs entry (see previous paragraph).

10. Applicants for Exchange are warned that copies of entries for Exchange Control purposes will normally only be issued at the time the imported goods are entered with the Customs.

11. In the case of importations through the Post for which the Customs do not require entry, the wrapper of the parcel with the sender's Customs declaration and duty charge docket (if any) affixed, should be produced with the duplicate application in lieu of an Exchange Control copy of entry.

12. The Exchange Control Committee are prepared to consider applications in exceptional cases for exemption from the requirement (vide paragraph 3 above) to furnish invoices with the Exchange Control copy of the entry and to allow, in lieu thereof, the production of periodical certified reconciliation accounts.

Applications for this alternative procedure must be made in writing to the importer's Licensed Dealer and the circumstances in which it is claimed that the normal procedure is unduly onerous must be explained. Applications will be granted only in exceptional cases, and the alternative procedure will be subject to prescribed conditions, one of which may be the subsequent production of invoices. Applications cannot be granted retrospectively and unless and until the requisite permission is given the procedure shown in paragraph 3 must be strictly observed in all cases.

13. Importers are advised that goods imported into Iraq are subject to licence and should apply to the Director General of Customs and Excise, Baghdad, with regard to the procedure to be adopted in order to obtain the necessary import licence.

14. Importers are also informed that this notice applies not only to payments in foreign currency but also to payments in sterling or Iraqi currency in respect of imports from a non-sterling country. Importers should consult a Licensed Dealer as to the appropriate application form to be used in such cases.

15. The following Schedule contains a list of the territories in respect of which Payments Agreements and similar arrangements apply and shows the appropriate methods of payments by RESIDENTS OF IRAQ TO RESIDENTS OF THOSE TERRITORIES FOR GOODS ORIGINATING IN AND IMPORTED FROM THESE TERRITORIES INTO IRAQ.

Importers who are in any doubt as to the approved method of payment should, before entering into contracts for the import of goods from non-sterling countries, seek advice from a Licensed Dealer. It is emphasised that the schedule only relates to payments to RESIDENTS of the territory named in respect of goods ORIGINATING IN THAT TERRITORY. In all cases where it is desired to import goods from one country originating in another the importer must obtain special permission through a Licensed Dealer from the Exchange Control and should seek the advice of a Licensed Dealer before applying for an Import Licence.

SCHEDULE.

Territories	Currencies in which debts may be contracted and paid.
U. S. A. the Philippine Islands and all territories under the sovereignty of the U. S. A.	U. S. Dollars or Philippine pesos purchased from a Licensed dealer.
Switzerland.	Swiss francs Purchased from a Licensed Dealer.
Sweden.	Sterling for transfer to a Swedish Special Account, or Swedish Kronor purchased from a Licensed Dealer
Spain (and Dependencies)	Sterling to a Spanish Special Account.
Turkey.	Sterling to a Turkish Special Account
Portugal and Portuguese Empire	Sterling for transfer to a Portuguese Special Account.
Canada and Newfoundland.	Sterling for transfer to the Account of a resident in Canada or Newfoundland, or Canadian dollars or Newfoundland dollars purchased from a Licensed Dealer.
Argentina	Sterling for transfer to an Argentine Special Account
Bolivia	Sterling for transfer to a Bolivian Special Account.
Brazil	Sterling for transfer to a Brazilian Special Account.
Chile	Sterling for transfer to a Chilean Special Account.
Paraguay	Sterling to a Paraguayan Special Account, but exceptionally to firms in Argentina acting as middleman, in sterling to an ARGENTINE Special Account.
Peru	Sterling for transfer to a Peruvian Special Account.
Uruguay	Sterling for transfer to a Uruguayan Special Account.
Central American Group:- viz, Costa Rica, Cuba, Dominica, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, (excluding Canal Zone) Salvador, Venezuela.	In sterling to a Central American Account in the United Kingdom. In U. S. Dollars in exceptional cases with permission of the Exchange Control Committee.

16. The attention of applicants for foreign exchange is drawn to the provisions of the Exchange Control Law 1941 and to the penalties attaching to any contravention.

NOTICE TO EXPORTERS.

EXCHANGE CONTROL LAW.

PROCEEDS OF EXPORTS FROM IRAQ.

EXPORTERS ARE WARNED IN THEIR OWN INTERESTS THAT SHIPMENT OF THE GOODS MAY NOT BE ALLOWED UNLESS THE PROPER FORM SATISFACTORILY COMPLETED, IS PRODUCED TO THE CUSTOMS AT THE PORT OR PLACE OF EXPORTATION WITH THE PRE-ENTRY.

1. SCOPE OF ARTICLE 8 OF THE EXCHANGE CONTROL LAW.

Under this article the Exchange Control Committee have power to issue instructions as to the manner in which payment shall be received by exporters of goods from Iraq, and under this article the Exchange Control Committee have issued a notification stipulating that all exporters of goods of any country outside the Sterling Area is required to show to the satisfaction of the Customs that he will receive payment for the goods in an approved manner within six months from the date of export.

In the Appendix the list of countries is given together with the various methods of payment which are permitted.

2. TERMS OF SALE CONTRACTS.

When making any sale contract in excess of one dinar involving the export from Iraq of any goods to any destination outside the Sterling Area exporters must stipulate for payment by one of the approved methods.

3. Form C.D. 3, which is obtainable from any Licensed Dealer or Collector of Customs and Excise must be completed in respect of every export to a destination outside the Sterling Area. Before completing the Form the notes on pages 2 and 4 of the Form should be read; it should be particularly noted that the Form is to be completed by the seller or consignor as may be appropriate.

4. The Form provides for payment by the following methods:—

- (a) By a sterling bill drawn under a credit opened by the buyer of the goods with a bank in the Sterling Area and registered with the Bank of England on Form E. 2 No. providing for reimbursement in foreign currency (see Note 1 below).
- (b) In Sterling or Iraqi currency paid in the United Kingdom or Iraq (against documents or otherwise); by the buyer of the goods from a bank in the United Kingdom or Iraq by a sale of foreign currency (see Note 1 below).
- (c) In foreign currency (see Note 1 below) paid by draft telegraphic transfer or otherwise to a bank in Iraq or to its agent abroad for the account of such bank.
- (d) By a sterling bill drawn under a credit opened by the buyer of the goods with a bank in the Sterling Area and registered with the Bank of England on Form E. 2 No. providing for reimbursement from a Special Account.
(insert name of country)
- (e) In sterling paid from a Special Account.
(insert name of country)
- (f) By a sterling bill drawn under a credit opened by the buyer of the goods with a bank in the Sterling Area and registered with the Bank of England on Form E. 2 No. providing for reimbursement from a Registered Account.
(insert name of country)
- (g) In sterling paid from a Registered Account.
(insert name of country)

The following methods apply only to exports to countries OUTSIDE THE STERLING AREA with which no arrangements for payments from special or registered or Clearing accounts have been made:—

- (h) In sterling or Iraqi currency by draft, mail transfer or telegraphic transfer paid out of free funds owned by a non-resident of the Sterling Area.
- (i) By a sterling bill drawn under a documentary credit opened by the buyer of the goods with a bank in the United Kingdom and registered with the Bank of England on Form E. 2 No. providing for reimbursement from the account of a non-resident of the Sterling Area.

- (k) By negotiation of a bill expressed in Iraqi currency drawn under a credit opened by the buyer of the goods direct with a Licensed Dealer in Iraq providing for reimbursement out of free funds owned by a non-resident of the Sterling Area.

*Notes:—*1. For currencies in which payment under methods (a) (b) or (c) may be received see Appendix.

2. Where methods of payment under (a) (d) (f) or (i) are used the Bank of England's registered number for the credit, viz., E. 2... must be obtained from the Licensed Dealer concerned for insertion in the appropriate space in paragraph 6 of the Form.

5. The completed Form C.D. 3 together with the relative invoices or statements must be handed by the exporter to a Licensed Dealer who will stamp it in the top right hand corner of pages 1 and 3 in the space provided to indicate that it is in order. The form must then be produced by the exporter to the Customs with the pre-entry. Pages 1 and 2 will be retained by the Customs and pages 3 and 4 handed back to the exporter or his agent. On receiving payment for the goods, the exporter must get the Licensed Dealer to complete the certificate on page 3 showing that the proceeds of the shipment have been duly received. The procedure to be followed, according to the method of payment, is described in detail in note 2 on page 4 of the Form.

6. Where merchandise is exported by parcel post, pages 1 and 2 of the Form must be placed in an envelope marked "Currency Declaration" which must be attached firmly to the package in such a manner as to be readily detachable. The outer cover of every postal package for which a Form is furnished must be clearly marked "Currency Declaration" followed by the serial number of the Form used. Where a single Form covers a batch of parcels the envelope containing the Form must be marked "..... parcel Nos..... refer" and each parcel must be marked "one of a batch of..... parcels covered by one Currency Declaration." Failure to observe these requirements may lead to delay in despatch. Pages 3 and 4 of the Form must be retained by the sender for subsequent action as in note 2 on page 4 of the Form.

7. **PRE-ZERO CONTRACTS.** Where exports are made on or after the 24th November 1941, under contracts made prior to that date on sale terms which do not comply with the requirements set out in the Appendix, exporters may obtain relief from the obligation to secure payment by an approved method provided that the purchaser of the goods under the sale contract in question has, prior to the date mentioned, purchased the currency which is to be paid to the Iraqi exporter in respect of a sales contract made **AND ACCEPTED** before that date. Exporters who are in doubt as to whether a sale contract is eligible for consideration under this paragraph should consult a Licensed Dealer.

Persons seeking to export in the circumstances mentioned above should complete paragraphs 1, 2 and 3 of page 1 of C.D. 3 and should present it to a Licensed Dealer together with invoices and contracts or cables in support of their application. If permission is granted, the Form will be returned to the exporter with the words "Shipped under pre-zero contract" marked in red ink in paragraph 6 of page 1, and duly authenticated by the Exchange Control Committee, Baghdad. The Form should then be presented to the Customs as described in paragraph 5 above. The invoices specifying the goods must accompany the Form. In such cases, the whole of the Form will be retained by the Customs.

8. Exporters who cannot arrange to obtain payment within the prescribed period of six months from the date of export should not complete paragraph 5 of Form C.D. 3 but should forward to the Exchange Control Committee, Baghdad, through a Licensed Dealer a Form C.D. 3 otherwise fully completed and accompanied by a letter explaining briefly the reasons for their inability to secure payment within such period and stating the extension required. The invoice or statements specifying the goods must accompany the Form. Where an extension is granted the Form will be returned to the applicant through the Licensed Dealer suitably marked in paragraph 5 of page 1.

9. Persons desiring to export goods without receiving payment or in any other special circumstances not covered by the Form C.D. 3 should apply similarly to the Exchange Control Committee, Baghdad, through a Licensed Dealer forwarding Form C.D. 3 completed as far as possible. The invoices or statements specifying the goods must accompany the Form.

10. The gross price of the goods on whatever basis they are sold may not be reduced by such items as agents' commission or other expenses which are payable periodically but only by actual disbursements in respect of the particular consignment to which the form relates. Collective disbursements of any character must be the subject of a separate application on Form E., E. 1, A. 1, A. 2 or A. 3 as may be appropriate.

11. It must be clearly understood that nothing in the Law or these instructions relating to exchange control relieves the exporter from the necessity of obtaining an export licence in the case of goods the export of which requires such licence.

12. Exporters are warned in their own interests that shipment of the goods may not be allowed unless the proper form satisfactorily completed is produced to the Customs at the port or place of exportation with the pre-entry. In particular the grant of any special permission must be certified on the FORM before lodgment with the Customs. Separate forms must be used for each shipment and "blanket" permits covering more than one shipment cannot be granted.

13. The attention of exporters and others concerned with the export of goods is drawn to the provisions of the Exchange Control Law 1941, and to the penalties attaching to any contravention of those regulations.

14. Goods remaining on board for exportation will not be affected by the foregoing arrangements. Transshipment in this country of goods arriving from Sterling Area countries will however be controlled in order to secure compliance with the Law in force here and in the other Sterling Area countries. In the case of goods arriving from countries inside the Sterling Area the export licence issued, or a shipping bill stamped or otherwise endorsed, by the export licensing authority in the exporting country must be produced to the Customs where required.

15. Where exports are sold to a United Kingdom dealer to be shipped direct by the exporter to any country outside the Sterling Area, the United Kingdom dealer will be regarded as responsible for the carrying out of the conditions regarding payment and future contracts should contain a stipulation that United Kingdom dealers will account for the proceeds as if the goods were being exported from the United Kingdom. The application for an export licence in such circumstances should be accompanied by a declaration on Form C.D. 2, (which can be obtained from any Licensed Dealer), instead of on Form C.D. . THE SECOND SHEET OF THAT FORM SHOULD ACCOMPANY THE SHIPPING DOCUMENTS SENT TO THE UNITED KINGDOM.

The instructions in this paragraph apply equally to where goods are sold to a dealer in any other part of the Sterling Area under similar conditions.

Exporters experiencing difficulties in completing Form C.D. 3 should refer to a Licensed Dealer.

Territories to which Art. 8 applies.

Prescribed methods of payment for goods.

The U.S.A., The Philippine Islands, and all territories under the sovereignty of the United States of America

In sterling by methods (f) or (g) from a U.S. Registered Account or in Sterling by methods (a) or (b) purchased against U.S. Dollars or Philippine Pesos or in U.S. Dollars or Philippine Pesos by method (c).

Switzerland.

In sterling by methods (f) or (g) from a Swiss Registered Account, or in Sterling by methods (a) or (b) purchased against Swiss Francs, or in Swiss Francs by method (c).

Sweden

In Sterling by method (d) or (e) from a Swedish Special Account. In sterling by methods (a) or (b) purchased against Swedish Kronor. In Swedish Kronor by method (c).

Spain and Dependencies.

In sterling by methods (d) or (e) from a Spanish Special Account, or in Sterling by methods (d) or (e) received from the Anglo-Spanish Clearing Office.

Turkey.

In sterling by methods (d) or (e) from a Turkish Special Account, or in sterling by methods (d) or (e) from the Anglo-Turkish Clearing Office

Portugal and Portuguese Empire.

In sterling by methods (d) or (e) from a Portuguese Special Account.

Canada and Newfoundland.

In sterling by methods (d) or (e) from a Canadian authorised account, or in Canadian Dollars or Newfoundland Dollars by method (c).

Argentina, Bolivia, Brazil, Chile, Paraguay, Peru, Uruguay.

In sterling by methods (d) or (e) from a.....
(name of country)
Special Account.

Central American Group.
Viz. Costa Rica, Cuba, Dominica, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama (excluding Canal Zone) Salvador, Venezuela.

In Sterling by methods (d) or (e) from a Central American Account or by any of the methods prescribed for the U.S.A.

Other non-sterling countries with which no special arrangements have been published.

In free sterling or Iraqi currency from a non-resident account by methods (h) (i) or (k).

N.B.—Details of the various methods of payment are set out in paragraph 4.

Note.—This represents the position at the date of issue of this Notice. The above list is subject to alteration.

**OFFICE OF THE
EXCHANGE CONTROL COMMITTEE**

Baghdad, 23-11-41.

TO ALL LICENSED DEALERS.

1. Under the Exchange Control Law which comes into force on the 24th November 1941 the Minister of Finance has licensed the under-mentioned banks to deal in foreign exchange which in this circular and henceforth will be referred to as Licensed Dealers:

The Eastern Bank Ltd., Baghdad, Basrah, Mosul and Amarah.

Ottoman Bank, Baghdad, Basrah and Mosul.

The Imperial Bank of Iran, Baghdad and Basrah.

and in future all applications for the purchase and sale of foreign exchange must be submitted through the medium of a Licensed Dealer.

2. Rates at which foreign exchange may be sold will be decided from time to time by the Exchange Control Committee and Licensed Dealers are not permitted to transact any business other than at rates laid down by the Exchange Control Committee.

3. **SALE OF EXCHANGE.**

Until further notice exchange may be made available by a Licensed Dealer for the following purposes:

(a) To enable a contract made before 24th November 1941 to be complied with. The intention is to facilitate the completion of outstanding commercial and financial contracts. Long term contracts (e.g. goods to be shipped after 90 days) are not included and should be specially referred.

(b) To meet the reasonable requirements of a trade or business carried on in Iraq. This is intended to cover imports of goods, insurance treaties premiums and claims, ships disbursements, freight, agents' commissions, royalties, film rents, copyrights, salaries, pensions etc.

(c) To defray reasonable travelling and other personal expenses.

4. **APPLICATIONS FOR EXCHANGE.**

Applications for exchange must be made on the appropriate form signed by the applicant. Satisfactory evidence must be produced in all cases.

(a) *Imports.*

Exchange may be sold by Licensed Dealers without further question in the following cases:

(i) Where goods had already been imported before 24th November, 1941.

(ii) Where the certified exchange control copy of a Customs entry form is produced for goods imported after the 24th of November, 1941.

(iii) where a declaration is made that a certified exchange control copy of a Customs entry form will be produced in respect of goods not yet imported.

(vi) *No exchange must be sold for imports into Iraq unless the importer attaches to the exchange application form the relative exchange control copy of the Import Licence granted by the Director General of Customs and Excise. The Import Licence will, of course not be available in the case of goods already entered to Customs.*

Applicants for exchange in respect of imports must complete Form (E) in duplicate and attach the exchange Control copy of the Import Licence together with the relative Customs Entry form if available. The second copy of Form (E) will be retained by the applicant and must be returned in due course to the Licensed Dealer concerned with the certified exchange control copy of the relative Customs entry form (which importers must obtain from the Customs at the place of entry) attached.

Licensed Dealers are reminded that on no account must credits be opened or remittances made relating to goods to be imported if the amount is in excess of the amount mentioned on the Import Licence.

All remittances for imports must relate to definite orders and no advance remittances must be permitted.

The attention of Licensed Dealers is drawn to the Notice to Importers in which is stated the currencies in which debts may be contracted and paid.

(b) *Travelling Expenses Etc.*

Applicants for exchange for travelling purposes must complete form (T) in duplicate which if approved by the Exchange Control Committee certificate (C) will be issued which must be surrendered to the Customs Officer before leaving Iraq. The question of foreign exchange for the payment of passages etc. is under consideration, but meantime Licensed Dealers should refer all applications to the Exchange Control Committee for their prior approval.

(c) *Petty Private Remittances.*

Persons desiring to make remittances in foreign Currencies for payments to dependents, insurance premia and other petty payments of a non-capital nature must make application on Form (E) which Licensed Dealers should submit to the Exchange Control Committee for their prior approval before the remittance is made.

(d) Remittances of Capital.

Applications for foreign exchange for the remittance of Capital must not be approved without reference to the Exchange Control Committee.

(e) Applicants for exchange in all other cases must complete Form (E) in duplicate.

Applications by persons ordinarily resident in Iraq for foreign exchange for purposes other than those mentioned in this Circular should be refused unless special circumstances appear to warrant reference to the Exchange Control Committee. Applications by persons ordinarily resident outside Iraq for foreign exchange for purposes other than those referred to in this Circular should be referred in each case to the Exchange Control Committee.

5. TRANSFERS IN IRAQI CURRENCY AND OTHER STERLING AREA CURRENCIES TO THE ACCOUNT OF NON-RESIDENTS.

No transfers in Iraqi currency, Sterling or any currency of the Sterling Area may be made to the account of a person or firm resident outside the Sterling Area unless it is accompanied by form (E 1) duly completed by the person making or applying for the transfer.

Transfers of this nature should not be approved by Licensed Dealers unless they are for purposes for which it would be permissible to sell foreign exchange. In order to make this effective, Licensed Dealers should establish the country of residence of all their customers who are resident outside the Sterling Area. In any case of difficulty reference should be made to the Exchange Control Committee but when such residential status has once been determined no change should be made without prior reference to the Exchange Control Committee.

6. EXPORT AND IMPORT OF BANKNOTES AND FOREIGN CURRENCY.

By a notification issued under Article 9 of the Exchange Control Law the Minister of Finance has granted general permission for the taking out or bringing into Iraq of banknotes and foreign currency up to certain limits. The attention of Licensed Dealer is drawn to the contents of this Notification which also deals with the export and import of gold, securities and postal orders. If a traveller wishes to take out or bring into Iraq banknotes or foreign currency in excess of the amount granted under the general permission Form (T) must be completed and submitted to the Exchange Control Committee and if approved a certificate on Form (C) will be granted. Form (X) must be used in connection with the import and export of banknotes and foreign currency by post, gold and securities and all such applications must be referred to the Exchange Control Committee.

7. Loans, overdrafts, credit facilities (including acceptance credits) of firms or persons not carrying on business in Iraq should be granted only to facilitate legitimate trade or business.

8. Credits and authorities entered into prior to the 24th of November 1941 which are revocable should be revoked if their tenor is contrary to the terms of the Exchange Control Law and of these instructions.

9. Forward exchange transactions are permitted solely for genuine commercial purposes. All other requests for forward facilities must be refused or referred to the Exchange Control Committee.

10. A Circular will shortly be issued with regard to the returns to be furnished by Licensed Dealers but meantime a detailed record should be kept of all sales and purchases of foreign exchange and other transactions that may be made under the Exchange Control regulations.

11. This Circular embraces in brief the main features to enable exchange control to be started but the points referred to will be amplified by the issue of further Circulars during the course of the next few weeks, and meanwhile if a Licensed Dealer is in doubt about the procedure to be adopted or the interpretation of the Exchange Control Law and instructions he should at once communicate with the Exchange Control Committee.

12. Supplies of necessary forms etc. may be obtained on application to the Exchange Control Committee.

C. E. LOOMBE,
Secretary,

EXCHANGE CONTROL COMMITTEE.

OFFICE OF THE
EXCHANGE CONTROL COMMITTEE

Baghdad, 23-11-41.

EXCHANGE CONTROL LAW.
CIRCULAR TO ALL LICENSED DEALERS.
EXPORTS.

NOTE—The attention of Licensed Dealers is drawn to the Notice to Exporters on the subject of exports from Iraq.

1. (a) SCOPE OF ARTICLE 8 OF THE EXCHANGE CONTROL LAW.

Article 8 enables the Exchange Control Committee to issue instructions as to the manner in which payment shall be received by exporters of goods from Iraq. The Appendix to this Circular sets out the countries in respect of which Article 8 applies and stipulates the methods by which payment may be received. Form C.D. 3 is to be used for all exports to the countries named in the Appendix and to any further countries with which payment agreements may be arranged from time to time. The permitted methods of payment are set out in paragraph 3.

(b) *Exports to other Non-Sterling Countries.*—For countries outside the sterling area with which no arrangements for payments from special or registered or Clearing accounts have been made, exports must be invoiced in sterling or Iraqi currency. Payment in such cases must be made by one of the methods (h) (i) or (k) and when applying for an Export Licence, the applicant should state by which method payment will be effected. The method of payment will be shown in the export Licence and must agree with that to be shown in section 6 of Form C. D. 3.

2. COMPLETION OF FORM C.D. 3.

A separate Form C.D. 3 must be completed by the seller or consignor, as the case may be, in respect of every shipment to a destination outside the sterling area. Supplies of the Form are being made available to the Banks and may also be obtained from any Collector of Customs and Excise.

Pages 2 and 4 of the Form explain how it is to be completed.

3. METHODS OF PAYMENT.

(a) By a sterling bill drawn under a credit opened by the buyer of the goods with a bank in the sterling area and registered with the Bank of England on Form E. 2 No. providing for reimbursement in foreign currency (see Note 1 below).

(b) In sterling or Iraqi currency paid in the United Kingdom or Iraq (against documents or otherwise); by the buyer of the goods from a bank in the United Kingdom or Iraq by a sale of foreign currency (see Note 1 below).

(c) In foreign currency (see Note 1 below) paid by draft, telegraphic transfer or otherwise to a bank in Iraq or to its agent abroad for the account of such bank.

(d) By a sterling bill drawn under a credit opened by the buyer of the goods with a bank in the sterling area and registered with the Bank of England on Form E. 2 No. providing for reimbursement from a
(name of country)
Special account.

(e) In sterling paid from a Special Account.
(name of country)

(f) By a sterling bill drawn under a credit opened by the buyer of the goods with a bank in the sterling area and registered with the Bank of England on Form E. 2 No. providing for reimbursement from a
..... Registered Account.
(name of country)

(g) In sterling paid from a Registered Account.
(name of country)

The following methods apply only to exports to countries outside the sterling area with which no arrangements for payments from special or registered or Clearing accounts have been made:—

(h) In sterling or Iraqi currency by draft, mail transfer or telegraphic transfer paid out of free funds owned by a non-resident of the sterling area.

(i) By a sterling bill drawn under a documentary credit opened by the buyer of the goods with a bank in the United Kingdom and registered with the Bank of England on Form E. 2 No. providing for reimbursement from the account of a non-resident of the sterling area.

(k) By negotiation of a bill expressed in Iraqi currency drawn under a credit opened by the buyer of the goods direct with a bank in Iraq providing for reimbursement out of free funds owned by a non-resident of the sterling area.

NOTES.

1. For currencies in which payment under methods (a) (b) or (c) may be received see Appendix.

2. Where methods of payment (a) (d) (f) or (i) are used the Bank of England's registered number for the credit viz. E2..... must be obtained from the bank concerned for insertion in the appropriate space in paragraph 6 of Form C.D. 3.

See paragraph 14 below as to sterling credits.

4. PROCEDURE.

(i) Before Export.

The completed Form C.D. 3 together with the relative invoices or statements must be handed by the exporter to his bank who will, after satisfying themselves that the form is in order, stamp it in the top-right hand corner of pages 1 and 3 in the space provided. Particular care should be taken to ensure that the correct method of payment is inserted in section 6 of the form. If necessary it must be impressed on the exporter that his instructions to the importer as to the mode of payment must agree precisely with those set out in the form. The completed form must then be produced by the exporter to the Customs with the pre-entry. Pages 1 and 2 will be retained by the Customs and pages 3 and 4 handed back to the exporter or his agent.

(ii) Certification of Payments.

On receipt of payment pages 3 and 4 will be forwarded to the Licensed Dealer in Iraq through whom the payment is received by the Exporter. The Form must be accompanied by the relative invoices or statements. If payment is to be received in several amounts, the Licensed Dealer should enter them at the time of each payment on a continuation sheet attached to page 3, retaining the Form until the final instalment is paid in. If payment is received in one amount or when the final instalment is received, the Licensed Dealer should complete the certificate and forward the Form to the Exchange Control Committee, Baghdad. The Exporter's Licensed Dealer in Iraq must ensure that when advice of payment is received, such advice includes all the particulars required for certification on pages 3 of Form C.D. 3.

(iii) Identification of Payments.

The exporter will be responsible for advising the Licensed Dealer of the serial number of the Form to which each payment is to be written off. Where payment is received in several amounts, or where one payment covers several consignments wholly or in part, the exporter should make suitable arrangements with the Bank for payments to be properly allotted to the Form covering the relative consignment. If, in exceptional circumstances, it would be impracticable to arrange for the identifying particulars to be given, an application for a special arrangement should be made by the exporter through his bank to the Exchange Control Committee, Baghdad.

5. EXPORTS BY PARCEL POST.

The procedure for exporters in the case of exports by parcel post is set out in paragraph 6 of the Notice to Exporters.

Licensed Dealers will be concerned in such cases with the completion, on receipt of payment, of the certificate on page 3 of Form C. D. 3 (see paragraph 4 above).

6. PRE-ZERO CONTRACTS.

Where exports are made on or after the 24th Nov. 1941, under contracts made prior to that date on sale terms which do not comply with the requirements set out in the Appendix, exporters may obtain relief from the obligation to secure payment by an approved method provided that the purchaser of the goods under the sale contract in question has, prior to that date, purchased the currency which is to be paid to the Iraqi exporter in respect of a sales contract made and accepted before that date. In cases where a Confirmed Credit providing for reimbursement in sterling has been opened in favour of the Iraqi exporter, the Licensed Dealer in Iraq may accept this as *prima facie* evidence that the exchange has been covered. In other cases, unless the Licensed Dealer in Iraq has been informed that the exchange in respect of a particular transaction was covered prior to the date mentioned, he should make the necessary enquiries, by cable if necessary, from his overseas correspondent on his customer's behalf. The Licensed Dealer in Iraq may accept the statements of his correspondents on this matter; such statements will be subject to verification by the Control later. The Licensed Dealer in Iraq should in all cases call for written confirmation of his overseas correspondents' statements.

Persons seeking to export in such circumstances will be required to complete paragraphs 1, 2 and 3 of pages 1 and 3 of Form C. D. 3 and to present the Form to a Licensed Dealer together with invoices and contracts or cables, establishing that the sale was effected prior to the 24th November, 1941. The Licensed Dealer receiving the form should forward it together with the evidence, to the Exchange Control Committee, Baghdad for approval.

Approval of an application will be indicated by marking the form in paragraph 6 of pages 1 and 3 with the words "Shipped under pre-zero contract" in red ink followed by the signature of the Exchange Control Committee.

After marking, the Form should be returned to the applicant for surrender by him, together with the invoices specifying the goods, to the Customs in the manner described in paragraph 4. In such cases, the whole of the Form will be retained by the Customs.

All documents exhibited to banks in support of applications for special permission should be stamped to show that they have been so exhibited and the words "Form C. D. 3 No." should be entered against the stamp.

7. TERMS OF PAYMENT BEYOND SIX MONTHS.

Exporters who cannot arrange to obtain payment within the prescribed period of six months from the date of export will not complete paragraph 5 of Form C. D. 3 but will forward to the Exchange Control Committee, Baghdad, through the medium of a Licensed Dealer Form C. D. 3 otherwise fully completed and accompanied by a letter explaining briefly the reasons for their inability to secure payment within such period and stating the extension required. The invoices or statements specifying the goods must accompany the Form. Where an extension is granted the Form will be returned to the applicant through the Licensed Dealer suitably marked in paragraph 5 of pages 1 and 3. Authority to approve extensions of this nature is confined to the Exchange Control Committee.

8. EXPORTS WITHOUT PAYMENT, ETC.

Persons desiring to export goods without receiving payment or in any other special circumstances not covered by Form C. D. 3 should apply similarly to the Exchange Control Committee, through a Licensed Dealer forwarding Form C. D. 3 completed as far as possible. The invoices or statements specifying the goods and also the relative Export Licence must accompany the Form. Authority to grant special permission in such cases is confined to the Exchange Control Committee.

9. DEDUCTIONS.

The gross price of the goods on whatever basis they are sold may not be reduced by such items as agents' commission or other expenses which are payable periodically but only by actual disbursements in respect of the particular consignment to which the Form relates. Collective disbursements of any character must be the subject of a separate application on Form E., E. 1 A. 1, A. 2 or A. 3 as may be appropriate.

10. EXPORT LICENCES, ETC.

Nothing in the Law, notifications or procedure relating to exchange control relieves the exporter from the necessity of obtaining an export licence in the case of goods the export of which requires such licence.

11. WARNINGS TO EXPORTERS.

The Notice to Exporters contains the warning that shipment or despatch of the goods may not be allowed unless the proper form, satisfactorily completed, is produced to the Customs at the port or place of exportation with the pre-entry. In particular the grant of any special permission must be certified on the form before lodgement with the Customs. Separate forms must be used for each shipment and "blanket" permits covering more than one shipment cannot be granted.

12. The attention of exporters and others concerned with the export of goods is drawn to the provisions of the Exchange Control Law 1941 and to the penalties attaching to any contravention of the provisions of this Law.

13. TRANSHIPMENT.

Goods remaining on board for exportation will not be affected by the foregoing arrangements. Transshipment in Iraq of goods arriving from Sterling Area countries will, however, be controlled in order to ensure compliance with the Law in force here and in other Sterling Area countries. In the case of goods arriving from countries inside the Sterling Area the export licence issued, or a shipping bill stamped or otherwise endorsed by the Export Licensing authority in the exporting country, must be produced to the Customs where required.

14. STERLING CREDITS.

All sterling credits opened in respect of exports from Iraq and other sterling countries to non-sterling countries must be registered at the Bank of England. Such credits in respect of shipments of goods to the listed destinations where method of payment (a) applies, will not be registered unless they call for an undertaking from the credit taker in the following terms:—

"We undertake to purchase through you either spot or forward sterling to cover your acceptances under this credit at the London official rate and to pay the relative amount in + to your Agents..... ++ three days before the maturity of your acceptances".

"It shall be understood and agreed that if the amount of exchange covered through you exceeds the total of acceptances under this credit such excess shall be cancelled without penalty".

Compliance with this requirement should be indicated in the relative Form E. 2 by the words "Reimbursement in state currency vide Exports Notice".

The beneficiaries of all credits carrying this undertaking should be advised of the relative E. 2 registration numbers to enable them to quote the numbers when completing Form C.D. 3 in Iraq. Similarly the beneficiaries should be advised if the undertaking is added to any existing credits.

15. Where exports are sold to a United Kingdom dealer to be shipped direct by the exporter to any country outside the sterling area, the United Kingdom dealer will be regarded as responsible for the carrying out of the conditions regarding payment and future contracts should contain a stipulation that United Kingdom dealers will account for the proceeds as if the goods were being exported from the United Kingdom. The application for an export Licence in such circumstances should be accompanied by a declaration on Form C.D. 2, (which can be obtained from a Licensed Dealer), instead of on form C.D. 3. The second sheet of that form should accompany the shipping documents sent to the United Kingdom.

APPENDIX.

Territories to which Art. 8 applies.

The U. S. A., The Philippine Islands, and all territories under the sovereignty of the United States of America.

Switzerland.

Sweden.

Spain and Dependences.

Turkey.

Portugal and Portuguese Empire.

Canada and Newfoundland.

Argentina, Bolivia,
Brazil, Chile,
Paraguay, Peru
Uruguay

Central American Group,
viz. Costa Rica, Cuba,
Dominica, Ecuador, Guatemala
Haiti, Honduras, Mexico.
Nicaragua, Panama
(excluding Canal Zone)
Salvador, Venezuela

Other non-sterling countries countries with which no special arrangements have been published.

Prescribed methods of payment for goods.

In sterling by methods (f) or (g) from a U. S. Registered Account or in Sterling by methods (a) or (b) purchased against U. S. Dollars or Philippine Pesos or in U.S. Dollars or Philippine Pesos by method (c).

In sterling by methods (f) or (g) from a Swiss Registered Account, or in Sterling by methods (a) or (b) purchased against Swiss Francs, or in Swiss Francs by method (c).

In sterling by method (d) or (e) from a Swedish Special Account. In sterling by methods (a) or (b) purchased against Swedish Kroner. In Swedish Kroner by method (c).

In sterling by methods (d) or (e) from a Spanish Special Account, or in Sterling by methods (d) or (e) received from Anglo-Spanish Clearing Office.

In sterling by methods (d) or (e) from a Turkish Special Account, or. In sterling by methods (d) or (e) from the Anglo-Turkish Clearing Office.

In sterling by methods (d) or (e) from a Portuguese Special Account.

In sterling by methods (d) or (e) from a Canadian authorised account, or in Canadian Dollars or Newfoundland Dollars by method (c)

In sterling by methods (d) or (e) from
a Special Account.
(name of country)

In Sterling by methods (d) or (e) from a Central American Account or by any of the methods prescribed for the U.S.A.

In free sterling or Iraqi Currency from a non-resident account by methods (h) (i) or (k).

N.B.—Details of the various methods of payment are set out in para. 3.

NOTE.—This represents the position at the date of issue of this Circular. The above list is Subject to alteration.

+ One of the listed currencies.

++ Insert name of bank with whom Accepting Bank keeps its currency account.

C. E. LOOMBE,
Secretary,
EXCHANGE CONTROL COMMITTEE.

IRAQ
FORM Y.

EXCHANGE CONTROL LAW 1941.

Declaration by all persons entering Iraq of Monies, Foreign Currencies, Traveller's Cheques, Gold, Securities, etc., in their possession.

Notes and Coin.	Description.	Amount.
Gold (Coin and Bullion only).	Description and Weight.	Value (Approximate).
Travellers' Cheques Letters of Credit etc.	Description.	Amount.
Securities.	Description.	Amount.

(Please continue overleaf, if necessary).

I declare that the above is a complete list of all monies, bank or currency notes, traveller's cheques, postal orders, letters of credit, gold (coin and bullion), securities or foreign currency (i.e. bank notes, promissory notes, cheques, drafts and other bills of exchange).

Address in Iraq	Signature
.....	Nationality
Place and Mode of entry	Passport No.
.....	Date
Date of entry	Issued by
Stamp (including date) of Customs and Serial Number	
.....	
.....	
.....	

The person making this Declaration is entitled to take out of Iraq all or any of the currency, securities or gold mentioned herein within a period of two months from the date hereof on production to the Customs, at the place at which he leaves Iraq, of this declaration duly stamped by the Customs at the place of entry into Iraq.

TELEGRAM RECEIVED



Handwritten notes:
FEB 2-1942
LE
IA

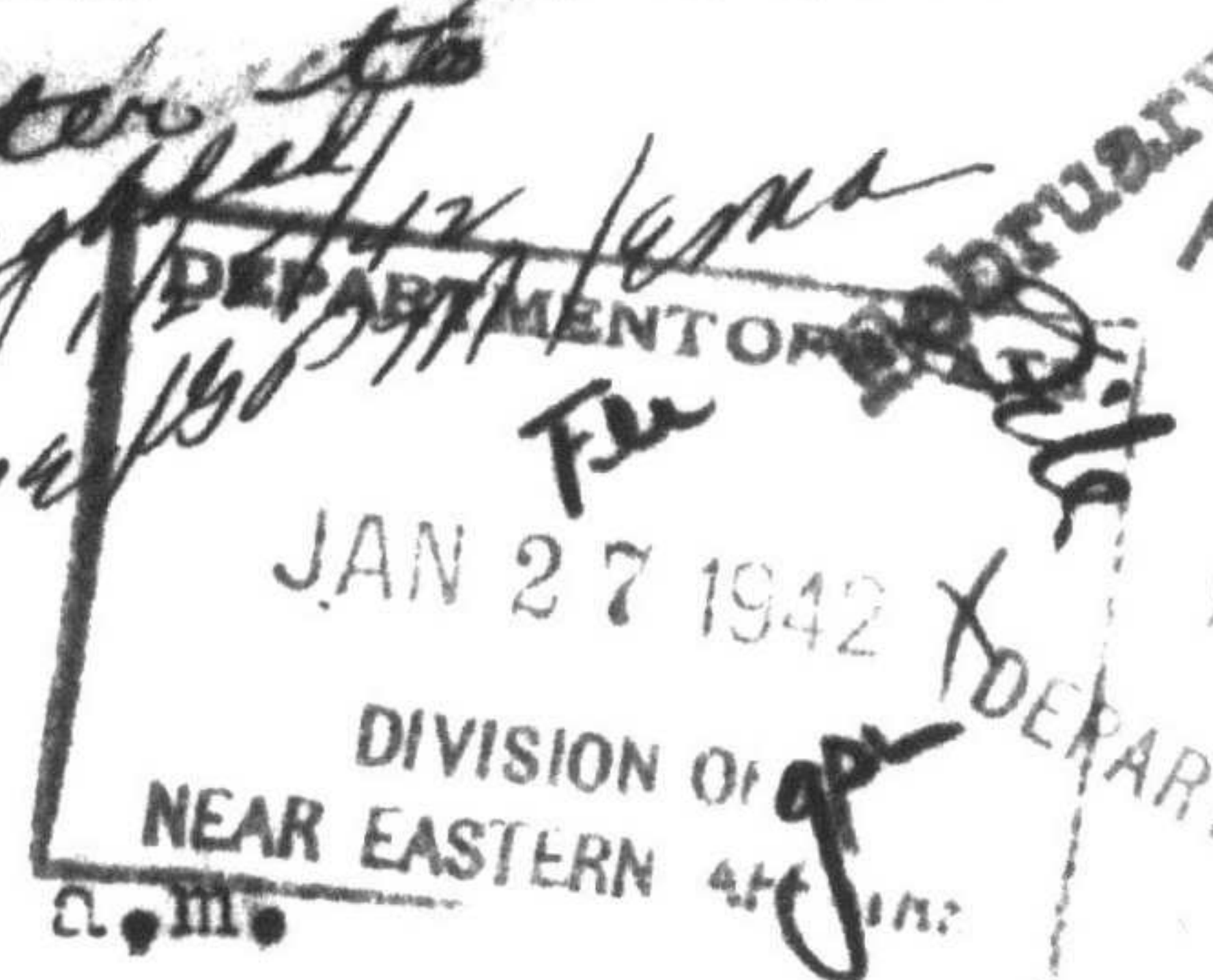
ALH

Baghdad

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

Rec'd 11:05 a.m.

Secretary of State,
Washington.



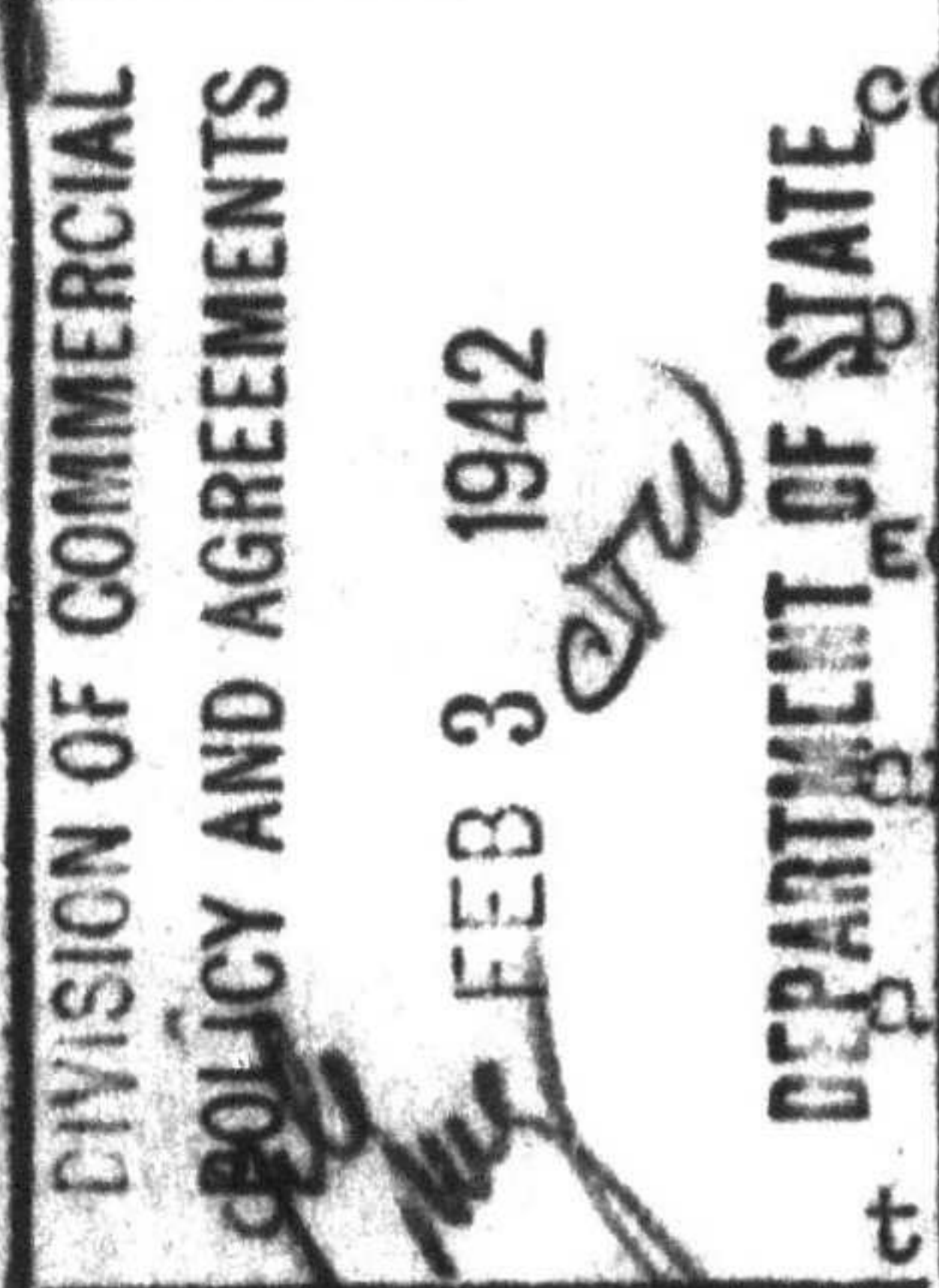
Handwritten: Copies sent to Treasury. Reply requested: The

18, January 23, 10 a.m.

Iraq Ministry of Finance in exercise of Exchange

control has issued notice of January 21 requiring all persons resident in Iraq to surrender against dinar equivalent any holdings of United States dollars and Swiss francs within period of 15 days. Holders are required to furnish declaration and prepare telegraphic instructions to effect delivery, and such cables will be despatched at expense of Exchange Control Committee. Licensed dealers in Iraq are Ottoman Bank, Eastern Bank, and Imperial Bank of Iran, which will pay dinar equivalent at rate of \$4.03 and Swiss francs 17.40. Exchange Control Committee has today made it clear to Legation that American residents of Iraq possessing dollar holdings are not (repeat not) affected but was unable for peculiar local reasons to specify this exception in the notice.

Committee



FEB 7 1942

8906.5151/12

PS/LB

#2 #18, January 23, 10 a.m., from Baghdad

Committee understands from NEW YORK TIMES of August 18 that United States Government initiated complete census of foreign property held in United States per Treasury form TFR--300 to be completed September 30. Committee requests that it be furnished by Treasury through this Legation a list of dollar holdings of residents of Iraq in order to administer exchange control here effectively. Legation would appreciate telegraphic reply whether Treasury can do this.

State the cost of reply.

KN.BENSHUE

RR

PARAPHRASE OF CONFIDENTIAL TELEGRAM NO. 543,
OCTOBER 8, 9 P.M., 1941, TO AMERICAN LEGATION,
CAIRO, EGYPT

In the event that you should have future discussions with the Egyptian authorities in regard to the requirements for declaring holdings of dollar currency and securities, the following is transmitted for your guidance as being the Department's understanding of the exemptions which have been granted to American nationals resident in the United Kingdom:

American citizens who reside in the United Kingdom and who do not also have British nationality are exempt from declaring their securities regardless of whether these were acquired before or after the effective date of the Defense (Finance) Regulations. The exemption does not include securities acquired after the effective date from a person affected by the regulations, or securities which were acquired by means of or in place of balances which are not exempt from surrender according to the regulations hereinafter defined. If the export of securities from the United Kingdom is desired, permission to export must be obtained in the usual way, and the authorities must have assurance that the applicant has been exempted under the arrangement whereby American citizens are permitted to retain their securities. Also there is no requirement
that

that American nationals surrender foreign currency balances acquired by them prior to the date on which the regulations became effective, nor balances acquired subsequent to that date provided (a) the acquisition of these balances has not taken place in contravention of the Defense (Finance) Regulations, and, particularly, that such acquisition did not result from the sale of sterling balances for which permission is necessary, and (b) that the foreign currency balances were not acquired in the course of current trade or transactions of a similar kind.

It will be noted that the exemptions do not apply to business enterprises, only to individuals.

PREPARING OFFICE
WILL INDICATE WHETHER

Collect { Full rate
Day letter
Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to
\$

TELEGRAM SENT

Department of State

Washington,

February 3, 1942

bpm

AMERICAN LEGATION,

BAGHDAD, (IRAQ).

✓ 24 / 12
Your 18, January 23, 10 a.m.

Treasury ~~has~~ ^{requests} you to inform the Exchange

Control Committee that the requested information is
not available.

Hull
zh

890 g. 5151/12

GL

FD:GL:ME

Enciphered by _____

5 Sent by operator _____ M., _____, 19____, _____

Brown
TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

890G.5151/12

PS/EPM

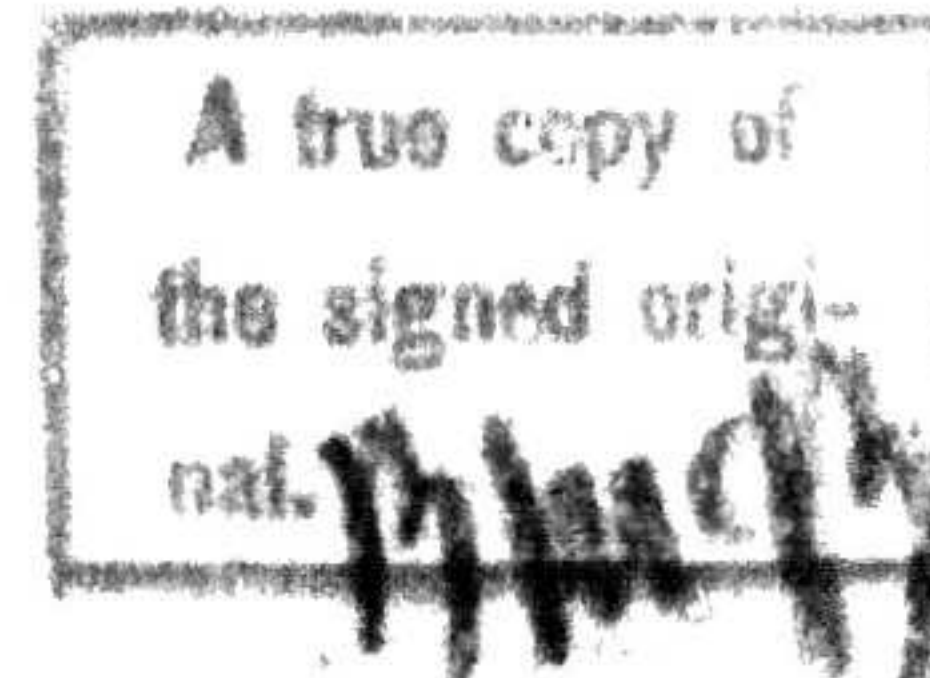
February 4, 1942

In reply refer to
FD

The Secretary of State presents his compliments
to the Honorable the Secretary of the Treasury and
encloses copies of telegram no. 24, dated February 3,
1942, to the American Legation, Baghdad, Iraq, regarding
an inquiry concerning assets in the United States of
residents of Iraq.

Enclosure:

To Legation, Baghdad,
no. 24, February 3, 1942.



FD:BMcB

FL

8906.5151/12

PS /MP

February 2, 1942

My dear Mr. Minister:

Reference is made to the Legation's telegram no. 18 of January 23, 10 a.m., 1942, reporting a notice issued on January 21 by the Iraqi Ministry of Finance with a view to the exercise of exchange control.

A copy of the telegram under reference has been sent to the Treasury Department, and the latter's reply will be transmitted to the Legation when received.

The exemptions in favor of American residents of Iraq appear to be at least as favorable as those in effect in the United Kingdom and other countries which have enacted similar regulations. However, for your background information in the event that the matter should come up for consideration or discussion, there is enclosed a paraphrase of the Department's telegram no. 543 of October 8, 9 p.m., 1941, to the Legation at Cairo, which is the latest digest we have made of

The Honorable

Paul Knabenshue,

American Minister Resident and Consul General,
Baghdad.

8909.5151/12

PS/EPM

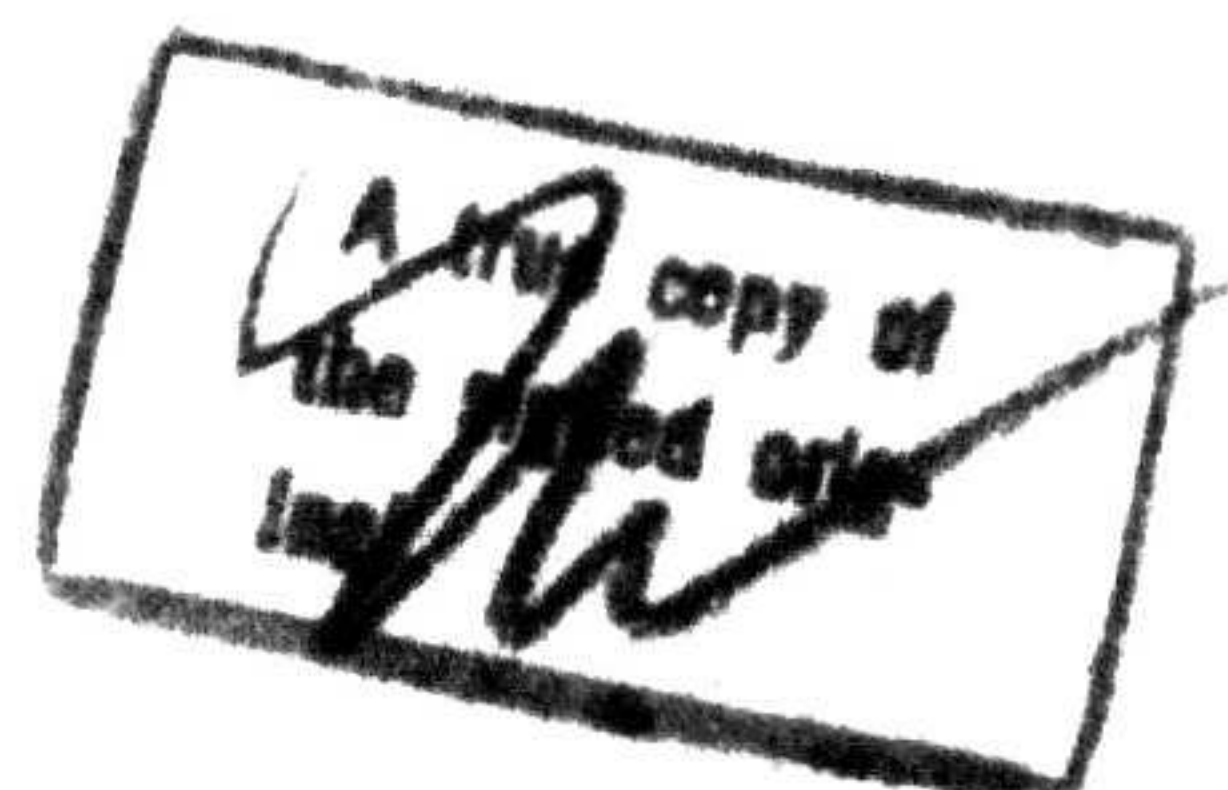
of the position in the United Kingdom.

Sincerely yours,

Wallace Murray

Enclosure:

Paraphrase of telegram
no. 543, October 8, 9
p.m., 1941, to Cairo.



eat OR

JAN 31 1942

gph
NE:GPM:EMA

1/28/42

FD 28
GL

PARAPHRASE OF CONFIDENTIAL TELEGRAM NO. 543.
OCTOBER 8, 9 P.M., 1941. TO AMERICAN LEGATION.
CAIRO, EGYPT

In the event that you should have future discussions with the Egyptian authorities in regard to the requirements for declaring holdings of dollar currency and securities, the following is transmitted for your guidance as being the Department's understanding of the exemptions which have been granted to American nationals resident in the United Kingdom:

American citizens who reside in the United Kingdom and who do not also have British nationality are exempt from declaring their securities regardless of whether these were acquired before or after the effective date of the Defense (Finance) Regulations. The exemption does not include securities acquired after the effective date from a person affected by the regulations, or securities which were acquired by means of or in place of balances which are not exempt from surrender according to the regulations hereinafter defined. If the export of securities from the United Kingdom is desired, permission to export must be obtained in the usual way, and the authorities must have assurance that the applicant has been exempted under the arrangement whereby American citizens are permitted to retain their securities. Also there is no requirement

that

that American nationals surrender foreign currency balances acquired by them prior to the date on which the regulations became effective, nor balances acquired subsequent to that date provided (a) the acquisition of these balances has not taken place in contravention of the Defense (Finance) Regulations, and, particularly, that such acquisition did not result from the sale of sterling balances for which permission is necessary, and (b) that the foreign currency balances were not acquired in the course of current trade or transactions of a similar kind.

It will be noted that the exemptions do not apply to business enterprises, only to individuals.

In reply refer to
FD 8906.5151/12

January 24, 1942

The Secretary of State presents his compliments to the Honorable the Secretary of the Treasury and encloses copies of telegram No. 18, dated January 23, 1942, from the American Legation, Baghdad, Iraq, concerning exchange control measures recently adopted by the Government of Iraq and the request of the Exchange Control Committee for a list of dollar holdings of residents of Iraq as reported on Treasury Form TFR-300.

The Secretary of State would appreciate the advice of the Secretary of the Treasury as to the reply to be made to the telegram under reference.

Enclosure:

From Legation, Baghdad,
No. 18, January 23, 1942.

FD:GL:ME

A true copy of
the signed original
me

8906.5151/12

FD / SMS

TELEGRAM RECEIVED

FEB 25 1942

FD
NE
✓
H

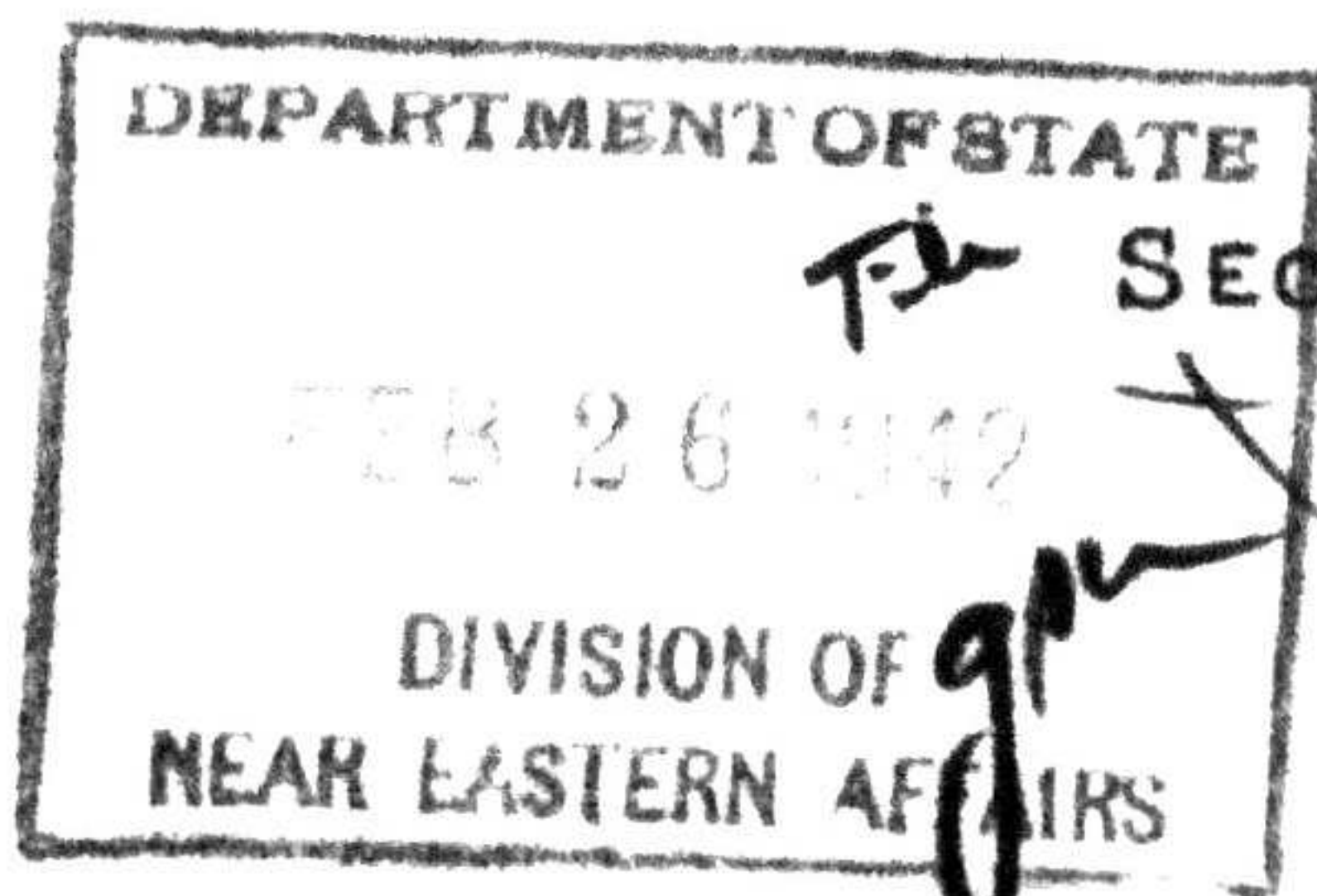
PD

Baghdad

This telegram must be **FROM**
paraphrased before be-
ing communicated to
anyone other than a
Governmental agency. (BR)

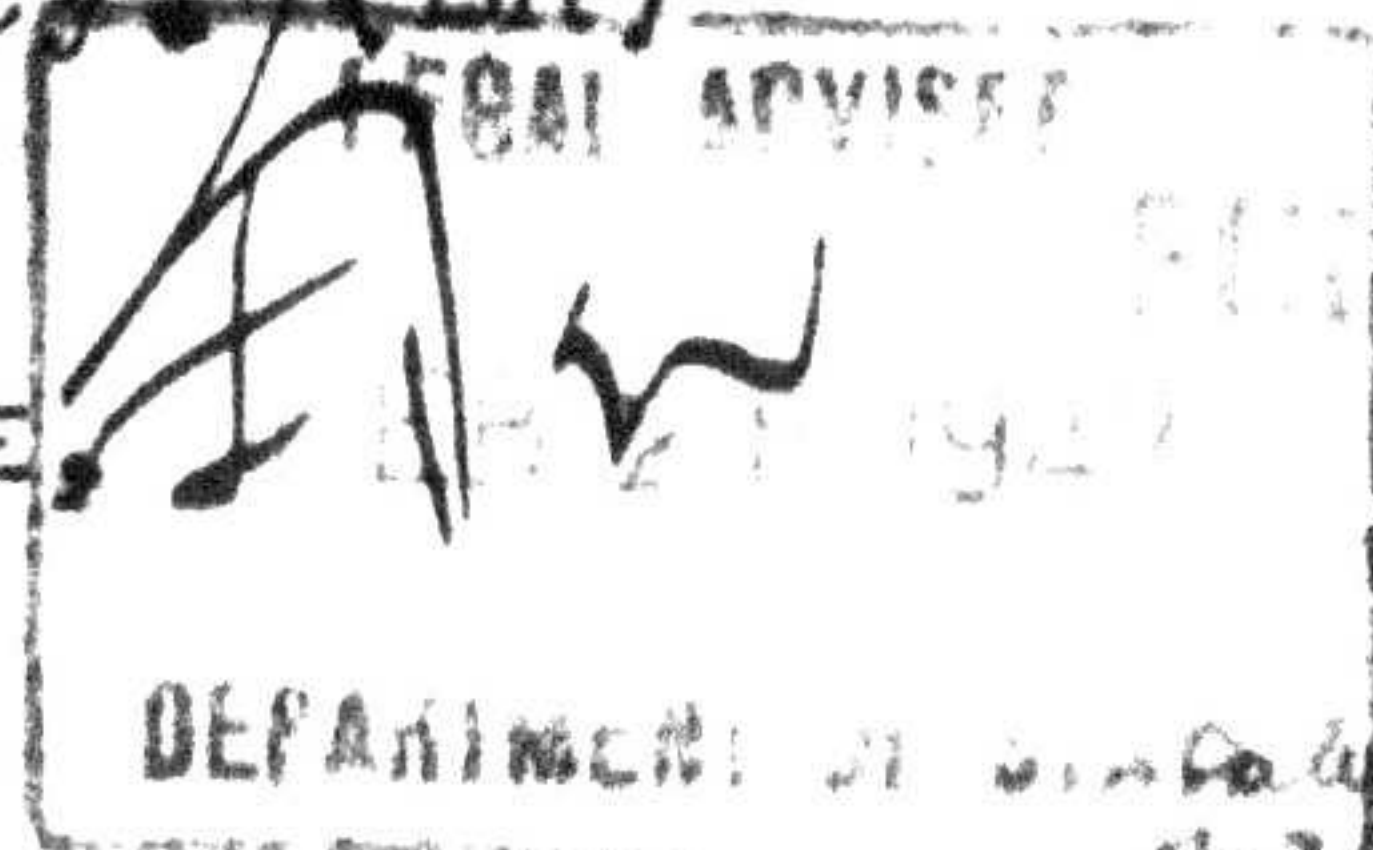
Dated February 21, 1942

Rec'd 5:55 p.m.



Secretary of State

Washington.

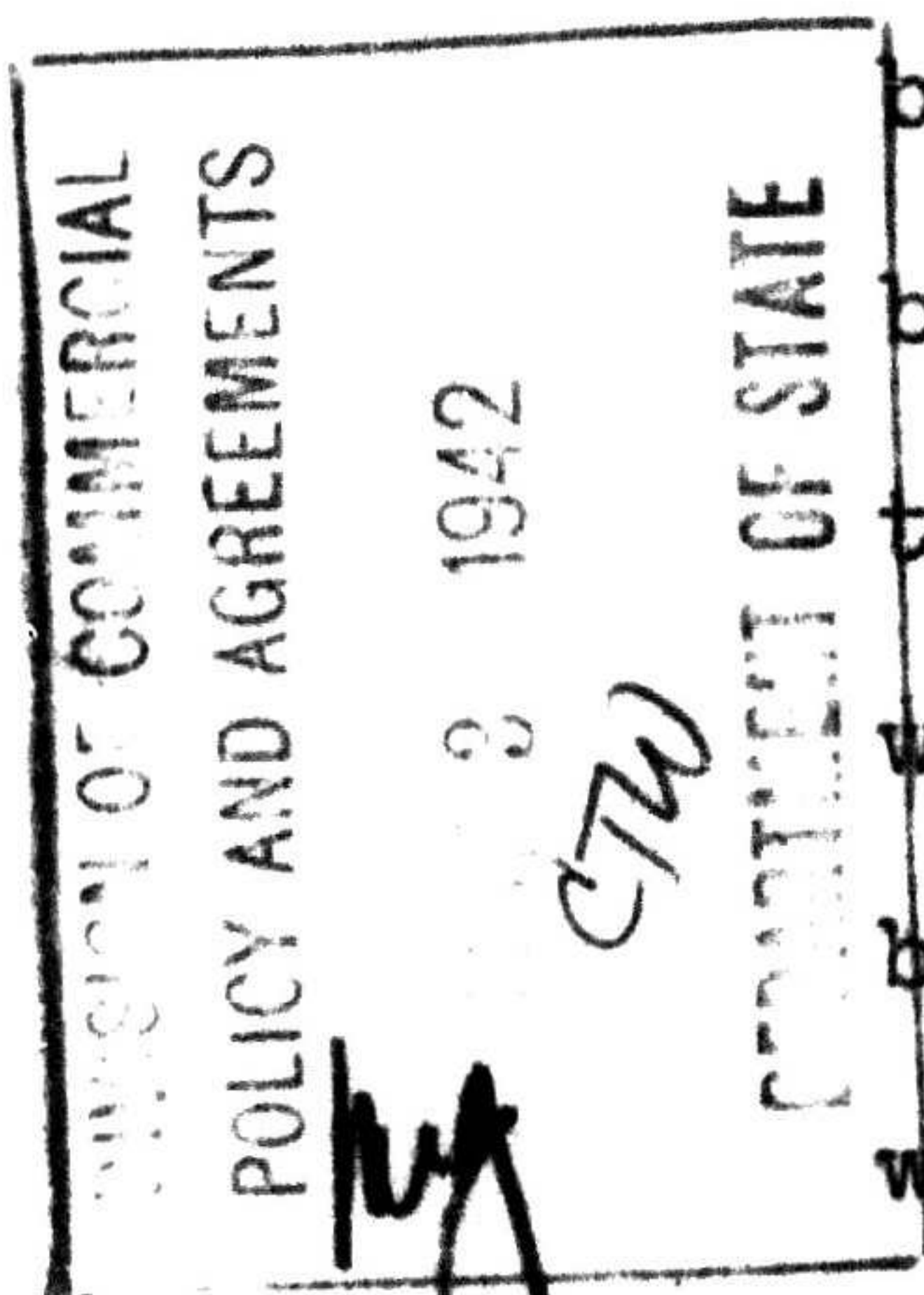


FINANCIAL DIVISION

46, January 21, 10 a.m.

Reference Legation's 18, January 23, 10 a.m.

The exchange control authorities state that National City Bank and Guarantee Trust Company, New York have declined as a matter of "policy in present circumstances" to effect transfer orders of depositors sent by authenticated telegrams through banks here and request written instructions signed by the depositor in each case. The authorities claim this refusal "is creating difficulties for depositors whose receipt of the Iraq dinar equivalent of their balances is thus greatly delayed. They enquire whether the Department is disposed to make any representations to the banks in question in this connection.



FARRELL

EMB

MAR 4 1942

FILED

6506.10101/10

PS/VB

13

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Collect { Full rate
Day letter
Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to
\$

Department of State

Washington.

February 24, 1942

9 PM

Br

AMLEGATION,

BAGHDAD (IRAQ)

44

Your 46, January 21, 10 a.m.

The policy of the banks under reference would appear to arise from the desire of such banks to protect themselves from any legal liability which might result from disposing of dollar funds of depositors without adequate legal authority for so doing. It is the opinion of the Department that it cannot appropriately intervene in this situation which is essentially one in which American banks must be guided by the advice of private counsel.

Wells Acting

ao r

JK
FEB 25 1942 PM

890G.5151/13

FD:GL:BMeB

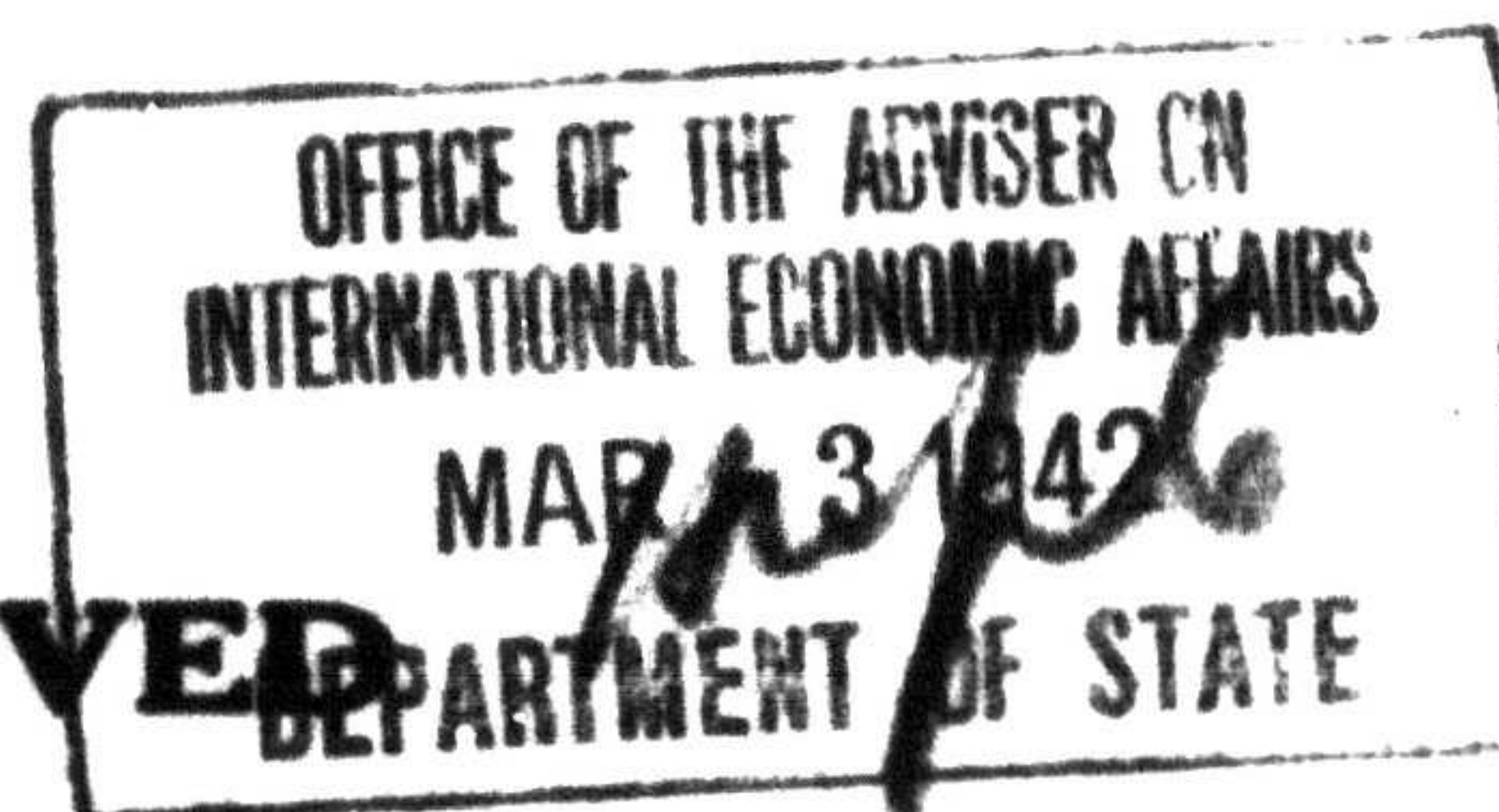
Wing NE
gph

Enciphered by _____

Sent by operator _____ M., _____, 19____

890G.5151/13

PS/EPm



TRB

TELEGRAM RECEIVED

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

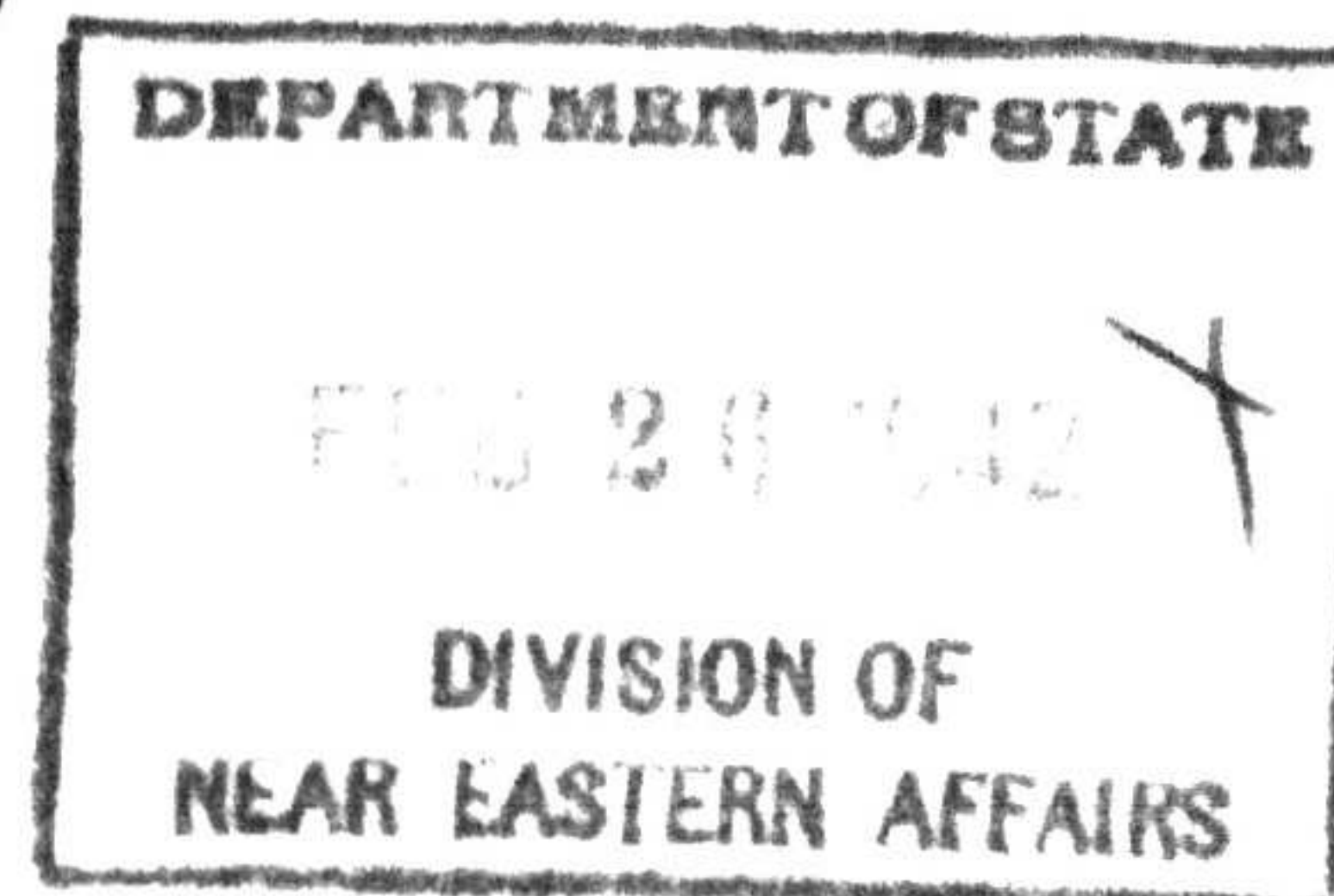
Dated February 25, 1942

Rec'd 8:52 p.m.

FROM

*Del. Reply drafted
Feb 27, 1942
Daillon*

Secretary of State,
Washington.



48, February 25, 4 p.m.

8908.5151

A regulation just issued by the Exchange Control Committee based on Article 14 of the Exchange Control Law of 1941 (see despatch no. 1789 of November 28, 1941) imposes a transaction tax of 3 fils per dinar (with a minimum of 50 fils) on sales and purchases of United States dollars and Swiss francs. No exemption for diplomatic, consular, or military personnel is stated in either the law or regulation and the exchange authorities have declined orally to exempt either personal or official drafts of members of the Legation, the Consulate at Basra, or the American military establishments in Iraq.

Please instruct.

FARRELL

KLP



8908.5151/14

PS/GKC

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

[Signature]
TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTAIR
PLAIN
RESTRICTED

Collect { Full rate
Day letter
Night letter

Charge Department: XX

Full rate
Day letter
Night letter

Charge to
\$

Department of State

Washington.

~~February 27, 1942.~~
11 pm

American Legation,

✓ Bagdad (Iraq)

⁵¹
Your 48, February 25, 4 p.m.

Transaction taxes on official sales and purchases of dollars are proper charges to contingent expenses. Similar taxes on personal checks or official drafts issued payment official obligations including salaries not repeat not chargeable to government.

Department does not desire to protest taxes unless there is discrimination against United States nationals.

*Waller
acting
first
1*

CR *H*

MAR 2 1942 PM

890G.5151/14

Plm
DA:LCM:JAG

Enciphered by

Sent by operator

M.,

19

890G.5151/14

PS/EM

re
B
A-S/2

local political significance this exemption could not be published.

The Consulate at Basra has reported that American civilian and Army personnel passing through Basra have experienced difficulty in selling dollar bills, as a special license is necessary for a bank to purchase dollar bills. Negotiations are now in progress with the Exchange Control Committee, which would permit the Basra banks to accept dollars from transient Americans who are recommended by the Consulate.

The Exchange Control Committee has been most co-operative in solving the difficulties which have arisen for Americans in connection with Exchange Control, and as the situation appears at present it would not appear that any undue hardship is being caused to Americans.

Respectfully yours,



William S. FARRELL,
Chargé-d'Affaires ad interim.

✓
Enclosure:

As stated.

File No. 851.51
GHM/efg.

Baghdad, 20th January 1942.

TO ALL LICENSED DEALERS.

Surrender of U.S. Dollar & Swiss Franc Holdings.

1. The Minister of Finance has to-day issued a Notification under Article 7 of the Exchange Control Law of 1941, draft copy of which is attached, calling upon all residents in Iraq to tender to a Licensed Dealer, on behalf of the Minister of Finance, their holdings of U.S. Dollars and Swiss Francs. As you will observe the Notification applies not only to present holdings but also to holdings which at any time hereafter may come into possession of a resident in Iraq.

2. The procedure will be as follows :

- (i) All persons to whom the Notification applies must complete Form E.C.11, copy of which is attached, in duplicate and the original of this form, together with a cable addressed by the holder to his agent or banker in America or Switzerland, should be forwarded to the Exchange Control Committee who will despatch the cable and bear the cost thereof.
- (ii) Licensed Dealers are requested to cable their Correspondents in America and Switzerland to the effect that the balances of residents in Iraq have been called up and to instruct them to send cable advice as and when deliveries are made, giving the Dollar or Swiss Franc amount and the name of the party concerned. When such advice has been received the Licensed Dealer will then be able to pay to the holder the dinar equivalent at the rates laid down in the Notification.
- (iii) Dollar and Swiss Franc balances held by Licensed Dealers in their books in Iraq will be dealt with in the

manner indicated in this Circular except, of course, that no cable by the holder is necessary.

- (iv) In order to obtain conformity over the wording of cables to be written by holders, Licensed Dealers should direct all applicants to word their cables in the following form; "Owing to Exchange Control Regulations deliver my dollar or Swiss Francs balance held by you to
(here state name of the American Correspondent of the Licensed Dealer) for account of
(here state name of Licensed Dealer)".

Cables should be written out by holders irrespective of the amount involved.

- (v) Applicants may not know the exact amount standing to their credit but the approximate balance should be stated on Form E.C.11 and no amount need be mentioned in the cable written by the holder.

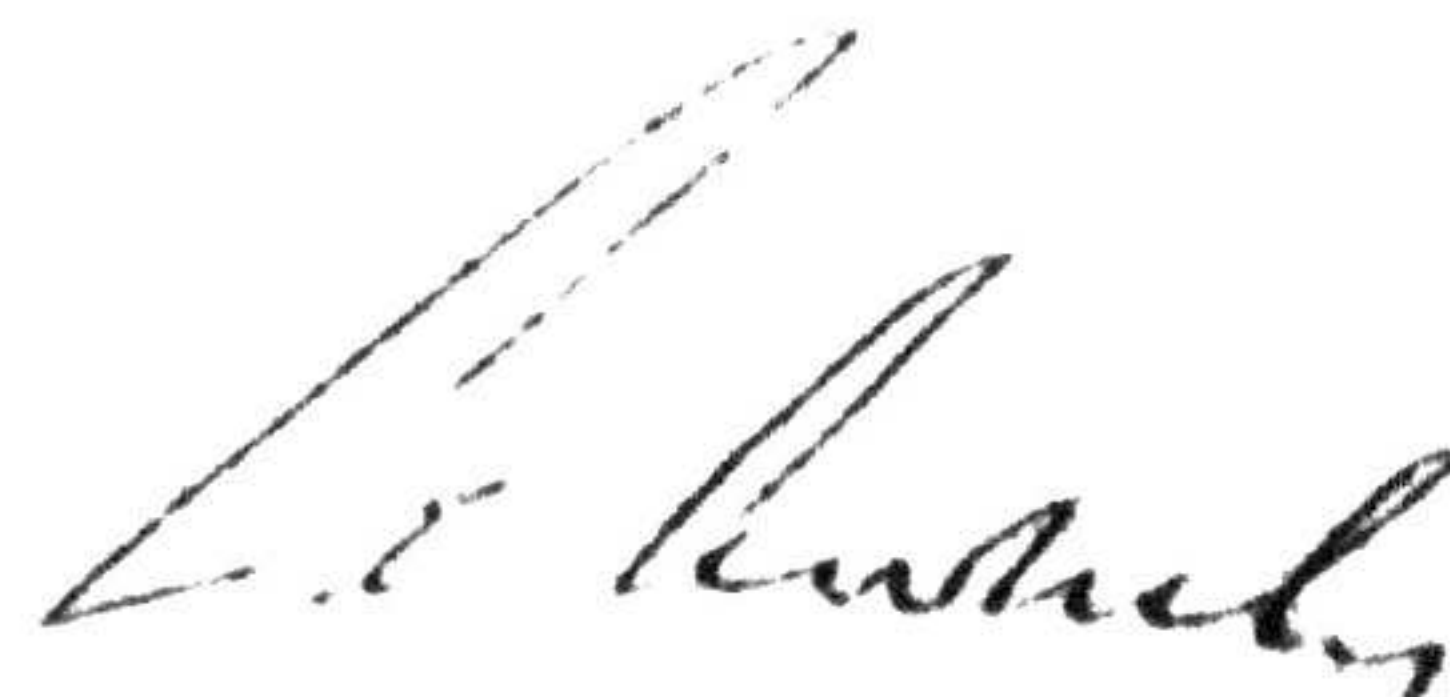
- (vi) When Licensed Dealers receive advice from their Correspondents of deliveries, the duplicate of Form E.C.11 should be forwarded to the Exchange Control Committee with the details at the back of the form duly completed.

3. Arrangements have been made for Licensed Dealers to sell any excess Dollars they may thus receive to the London Control at the rate of 4.03. Sales will, ^{of} course, be effected through the London Agents of Licensed Dealers against delivery of sterling and Licensed Dealers ~~against delivery of sterling and Licensed Dealers~~ are requested to notify the Exchange Control Committee of any sales made in order that the necessary return may be furnished to the Bank of England. Similar arrangements will be made in respect of Swiss Francs if the overbrought position of Licensed Dealers should be in excess of their requirements.

4. It will be observed that the rate at which sales may be made to the London Control and the surrender rate are the same, and in view of this all cable expenses incurred by Licensed Dealers in

connection with the surrender of balances will be chargeable to the Exchange Control Committee.

5. For the information of Licensed Dealers a copy of a notice which is being issued in the Press is attached to this Circular.

A handwritten signature in cursive script, likely belonging to the Secretary of the Exchange Control Committee.

Secretary,

Exchange Control Committee.

Draft of Notification by the Minister of Finance.

1. In exercise of the powers conferred on me by Article 7 of the Exchange Control Law of 1941, I hereby declare that all persons resident in Iraq must offer or cause to be offered any holdings of U.S. Dollars or Swiss Francs, which such persons may have or hereinafter come into possession of, for sale to a Licensed Dealer in the manner and in accordance with the conditions as laid down by the Exchange Control Committee.

2. The equivalent in Iraqi Dinars of all U.S. Dollars or Swiss Francs surrendered in accordance with the provisions of Paragraph 1 of this Notification will be paid at the following rates :

U.S. Dollars 4.03.

Swiss Francs 17.40.

3. The surrender must be effected within fifteen days from the date of this Notification in respect of present holdings and on acquisition in respect of future holdings.

4. Failure to comply with the terms of this Notification will render the person liable to the penalties prescribed in the Law.

This Notification comes into force on 20th January 1942.

NOTICE TO THE PRESS.

Under a Notification issued by the Minister of Finance, under the Exchange Control Law of 1941, all persons resident in Iraq must offer or cause to be offered, within 15 days, any holdings of U.S. Dollars or Swiss Francs for sale to a Licensed Dealer in Foreign Exchange. Any holder of U.S. Dollars or Swiss Francs should, without delay, apply to a Licensed Dealer who will explain the necessary formalities which in brief are as follows :

1. All persons holding balances of U.S. Dollars or Swiss Francs, whether with a private individual, firm or bank, are called upon to complete a form of declaration in which must be stated the amount of their holdings and a cable must be written out by the holder with instructions to effect delivery and such cables will be despatched by the Exchange Control Committee who will bear the cost thereof.
2. On receipt of confirmation that the relative U.S. Dollars or Swiss Francs have been surrendered the Licensed Dealer will pay the holder the Dinar equivalent at the following rates :

U.S. Dollars	4.03.
Swiss Francs	17.40.

Further particulars, together with the necessary forms, may be obtained from the undermentioned Banks who are Licensed Dealers :

Ottoman Bank, Baghdad, Basra and Mosul.
Eastern Bank Ltd., Baghdad, Basra, Mosul & Amarah.
Imperial Bank of Iran, Baghdad and Basra.

The attention of the public is drawn to Article 15 of the Exchange Control Law of 1941 which provides for ~~extrem~~ imprisonment for a term not exceeding six months or with a fine not exceeding 500 dinars or both imprisonment and fine for contravention of the Law and orders issued thereunder.

C.E. Loombe,

Secretary,
Exchange Control Committee.

April 2, 1942

In reply refer to
FD 890G.5151/15

FW
The Secretary of State presents his compliments
to the Honorable the Secretary of the Treasury and
encloses a copy of despatch no. 1827, dated February 3,
1942, from the American Legation, Baghdad, Iraq, concern-
ing regulations regarding the surrender of dollar balances
issued under Iraqi Exchange Control Regulations.

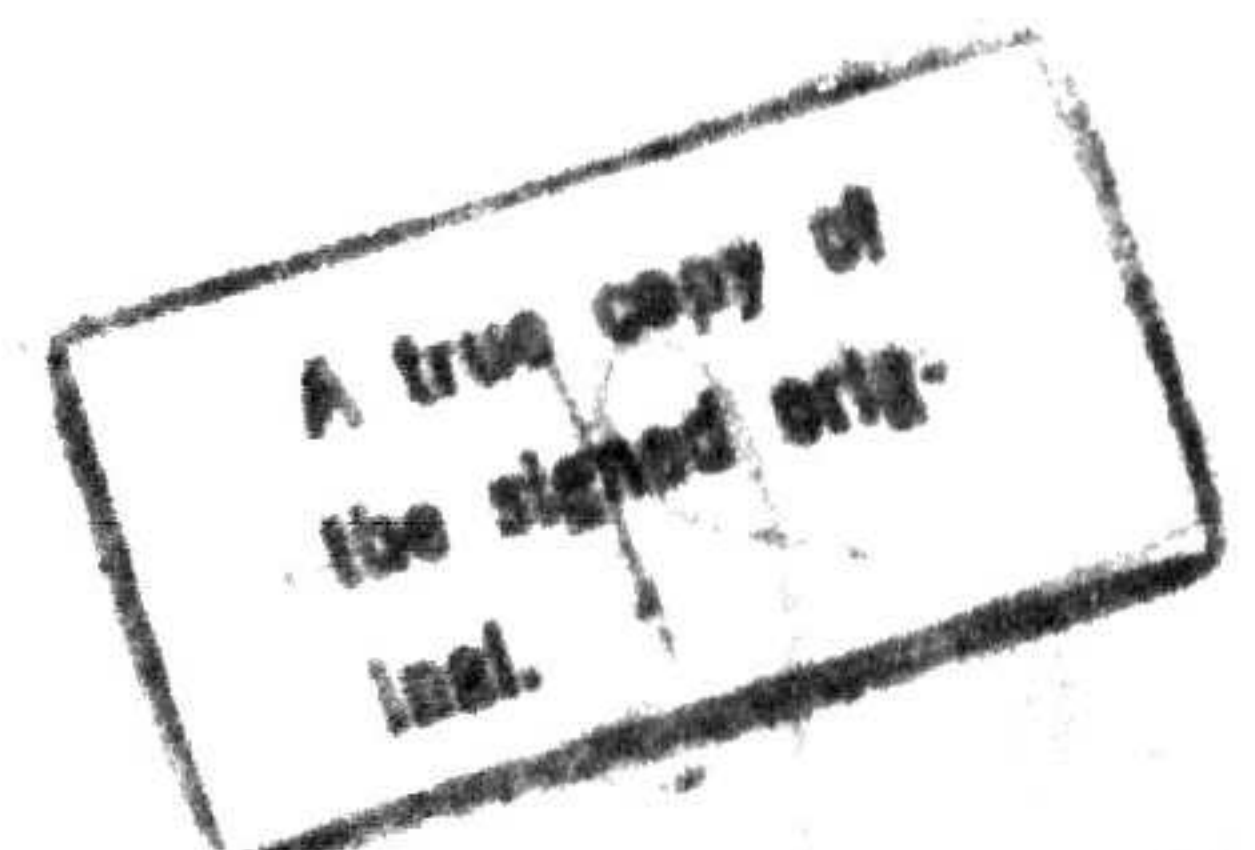
Enclosure:

From Legation, Baghdad,
no. 1827, February 3, 1942.

MAR 31 1942
APR 2 1942

FD:EMcB

3-30-42



GL

FW 890G.5151/15

DEPARTMENT OF STATE

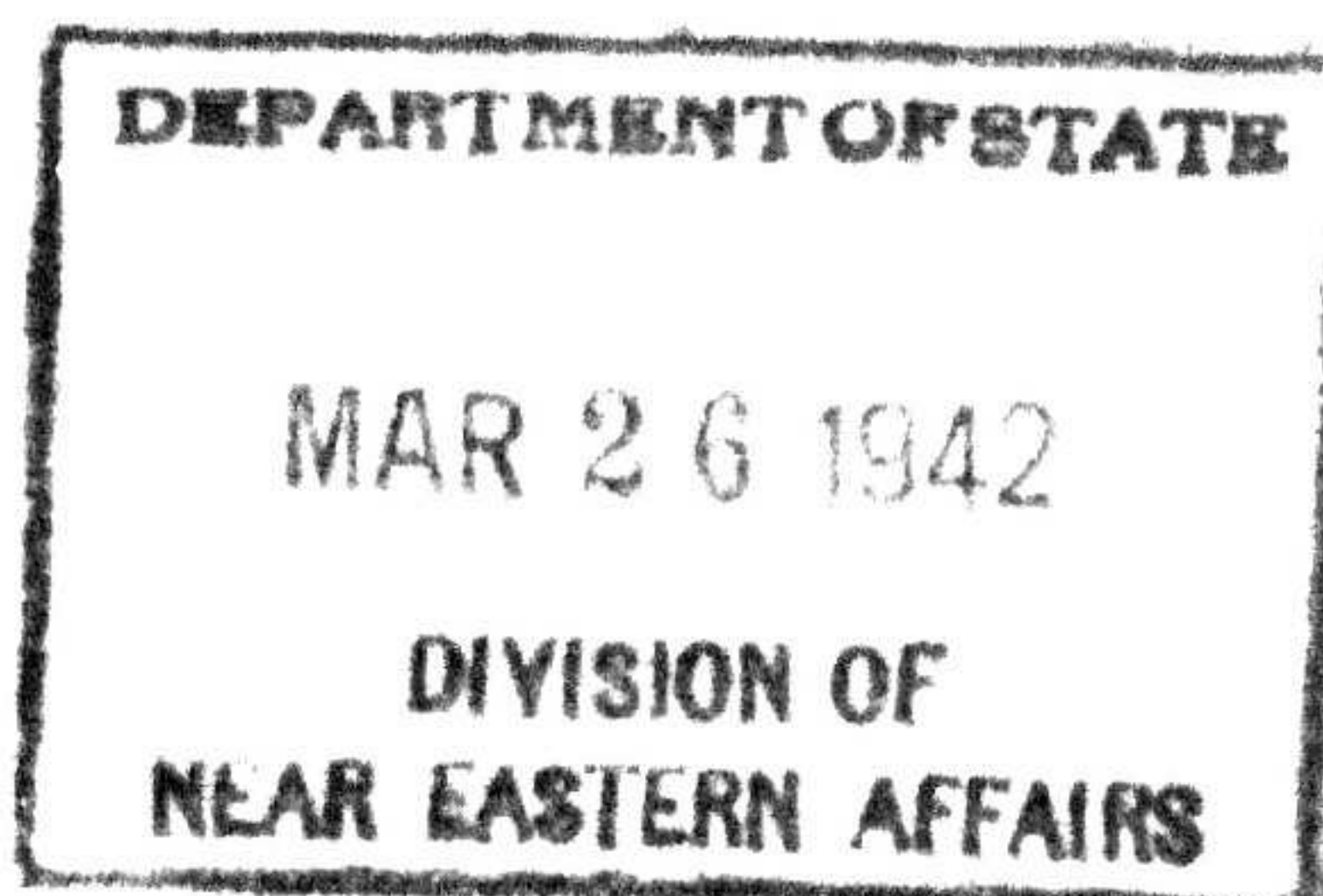
BOARD OF ECONOMIC OPERATIONS

March 26, 1942

NE - Mr. Merriam:

Here is the rest of the
file. It just came in today.

EO:JCCorbett



DEPARTMENT OF STATE

DIVISION OF WORLD TRADE INTELLIGENCE

EO
Mr. Corbett -
WT has nothing
on this situation.
F.H.N.

DEPARTMENT OF STATE
BOARD OF ECONOMIC OPERATIONS
EXECUTIVE SECRETARY

MAR 26 1942

DEPARTMENT OF STATE

DIVISION OF EXPORTS AND DEFENSE AID

DEPARTMENT OF STATE

MAR 26 1942

DIVISION OF
NEAR EASTERN AFFAIRS

March 11, 1942
DEPARTMENT OF STATE
BOARD OF ECONOMIC OPERATIONS
EXECUTIVE SECRETARY

MAR 26 1942

WT - Mr. Dickey ✓

EO - Mr. Corbett



I attach a file which was sent to us from the Department of Commerce and which relates to the request of Mr. Carl S. Zekaria of New York that the Department instruct the American Consul at Baghdad, Iraq, to intercede with the Iraqi Exchange Commission to the end that Zekaria's son, Sion Zekaria, of Baghdad, may receive a permit from the authorities in Iraq to import merchandise from the United States. The merchandise in question is listed in a teletyped message dated March 5, 1942, and consists of substantial quantities of tires, soap, trucks, oil, bottle caps and other articles. Some of the articles, like tires and trucks, are very critical; others, like pencils and shoe polish, are so unimportant that the question of wasting shipping space is at once raised.

Having in mind the scarcity of some of these articles, the possibility of leakage to the Axis, the extreme scarcity of shipping space, and the family relation of the two individuals on whose behalf the request is made, it seems to me that before acting favorably on this request, the Department should

8906.5151/160

FILED

PS/RV

DIVISION OF
COMMERCIAL AFFAIRS

MAY 8 - 1942

DEPARTMENT OF STATE

should be sure of a number of things:

- (1) That Zekaria is not a cloak for Axis interests;
- (2) That shipping space is in fact available, and;
- (3) That there is no objection at the Board of Economic Warfare to the granting of export licenses for these commodities.

I am routing this file through WT and EO in order that the first two points may be investigated. If the request is denied on either of these two grounds, I shall be perfectly happy. If both WT and EO report favorably on the request, then I propose to inquire at the Office of Export Control concerning the export license.

I am writing Mr. Butterworth according to the "blue" attached to the file.

CB.

Charles Bunn

March 11, 1942

WT - Mr. Dickey

EO - Mr. Corbett

I attach a file which was sent to us from the Department of Commerce and which relates to the request of Mr. Carl S. Zekaria of New York that the Department instruct the American Consul at Baghdad, Iraq, to intercede with the Iraqi Exchange Commission to the end that Zekaria's son, Sion Zekaria, of Baghdad, may receive a permit from the authorities in Iraq to import merchandise from the United States. The merchandise in question is listed in a teletyped message dated March 5, 1942, and consists of substantial quantities of tires, soap, trucks, oil, bottle caps and other articles. Some of the articles, like tires and trucks, are very critical; others, like pencils and shoe polish, are so unimportant that the question of wasting shipping space is at once raised.

Having in mind the scarcity of some of these articles, the possibility of leakage to the Axis, the extreme scarcity of shipping space, and the family relation of the two individuals on whose behalf the request is made, it seems to me that before acting favorably on this request, the Department

should

should be sure of a number of things:

- (1) That Zekaria is not a cloak for Axis interests;
- (2) That shipping space is in fact available, and;
- (3) That there is no objection at the Board of Economic Warfare to the granting of export licenses for these commodities.

I am routing this file through WT and EO in order that the first two points may be investigated. If the request is denied on either of these two grounds, I shall be perfectly happy. If both WT and EO report favorably on the request, then I propose to inquire at the Office of Export Control concerning the export license.

I am writing Mr. Butterworth according to the "blue" attached to the file.

Charles Bunn

DEPARTMENT OF STATE

DIVISION OF NEAR EASTERN AFFAIRS

Tires	159,000	
Soap	146, —	
Yarns	160, —	
Trucks	84, —	
Oil	30, —	
Chignon	18, —	
Bathings	17, —	
Race Horses	15, —	
F.P. To	12, —	
Perils	6, —	
Gummers	5, —	
Shapetill	10, —	
Spam body trucked		662, — 325

DEPARTMENT OF STATE

DIVISION OF NEAR EASTERN AFFAIRS

3/9/42

Dear Exton:

Re our conversation

J.P. Morrison

DEPARTMENT OF STATE
MAR 9 - 1942
DIVISION OF EXPORTS AND DEFENSE AID

Butlerworth
ED + Wk
3/11/42 CB/pw

DEPARTMENT OF STATE

DIVISION OF EXPORTS AND DEFENSE AID

April 24, 1942

NE
Mr. Merriam:



I now attach the complete file on the application of Carl S. Zekaria of New York City for the Department's intervention on behalf of his father, Sion Zekaria, of Baghdad, to the end that the latter may receive favorable consideration from the Iraqi Exchange Commission on his applications for permission to import a large miscellaneous list of materials.

The information which I have been able to get from the Board of Economic Warfare is near the top of the file in the form of an informal memorandum from Lieut. Baldwin of the Intelligence Unit to Mr. Corson in WT. It indicates the experience of Sion Zekaria in respect to actual license applications. As you will see, licenses aggregating approximately \$13,000 have been issued in favor of this consignee and about \$50,000 have been denied. On much the larger part of the list given to the Department of Commerce by Zekaria in New York City no applications have ever been filed.

The Board of Economic Warfare points out quite properly that they cannot give a firm commitment of their action on an application until the actual application is received. Lieut. Baldwin's memorandum makes it quite clear, however, that they regard this particular proposal as promotional in character and that applications for a list of the sort that Zekaria in New York City is talking about would stand little chance of success there.

The current general position of the Board is indicated by Licensing Instruction No. 325 dated April 15, 1942, a copy of which I sent to your division some days ago, and another copy of which is attached, for convenience, to this file. This very strict instruction, applicable to all destinations, resulted primarily from the shipping stringency, with the general shape of which we are all familiar.

In the

MAY 11 1942

PS/RV FILED

30000.5151/16

DIVISION OF
COMMERCIAL AFFAIRS

Department of State

3 1942

8907-5151

128A
NE
LCR

File
gp

In the case of Iraq, shipping is of course exceedingly acute and I think we are all agreed that control of loadings to those areas should be left with the joint British and American local groups which we have been trying to get into operation.

I therefore recommend that the Department do not intervene on Zekaria's behalf.

I have prepared a letter to Mr. W. Walton Butterworth in this sense, which is attached. Unless you think otherwise, I suggest that it is not necessary for us to reply direct to Mr. Zekaria's letter to the Secretary.

CB.

Charles Bunn

Attachments:

1. File on Zekaria, Baghdad.
2. To W. Walton Butterworth,
Department of Commerce.

890G.5151/16

DE:CB:GEF

BOARD OF ECONOMIC WARFARE
Washington, D. C.

April 15, 1942

OFFICE OF EXPORT CONTROL

Licensing Instruction No. 325

Effective: April 15, 1942

DISTRIBUTION: CONFIDENTIAL

Rejection of Applications
not Involving Commodities
for War or Absolutely
Essential Uses.

1. Effective immediately, all applications for export licenses will be rejected unless the commodity involved is essential to the war effort of an Allied country or for a use which is considered absolutely necessary in the country of destination.

2. Shipments which are considered absolutely necessary are

- a Shipments required for the public health of the country of destination,
- b Shipments required to enable the consignee to export materials needed for the war effort in the United States.

The above do not represent exclusively shipments which are considered absolutely necessary, but are set forth merely for the Officers' benefit in their determining what types of shipments shall be considered absolutely necessary.

3. Applications involving commodities which are obviously not for a war use in an Allied country, or which are not considered absolutely necessary by the Commodity Officers, may be rejected without further action. Where Commodity Officers have occasion to question applications involving commodities allegedly for war uses or for absolutely essential exportations to the country of destination, such applications will be referred to the Reviews and Appeals Committee for consideration with any comments which the Commodity Officers may desire to make.

4. Applications involving commodities which are clearly intended for a war use in an Allied country or for an absolutely essential use in the country of destination may be approved by Commodity Officers without further reference.

5. All appeal applications which are received by the Commodity Officers will be referred to the Reviews and Appeals Committee as in the past, with a recommendation from the referring Officer for acceptance or rejection.

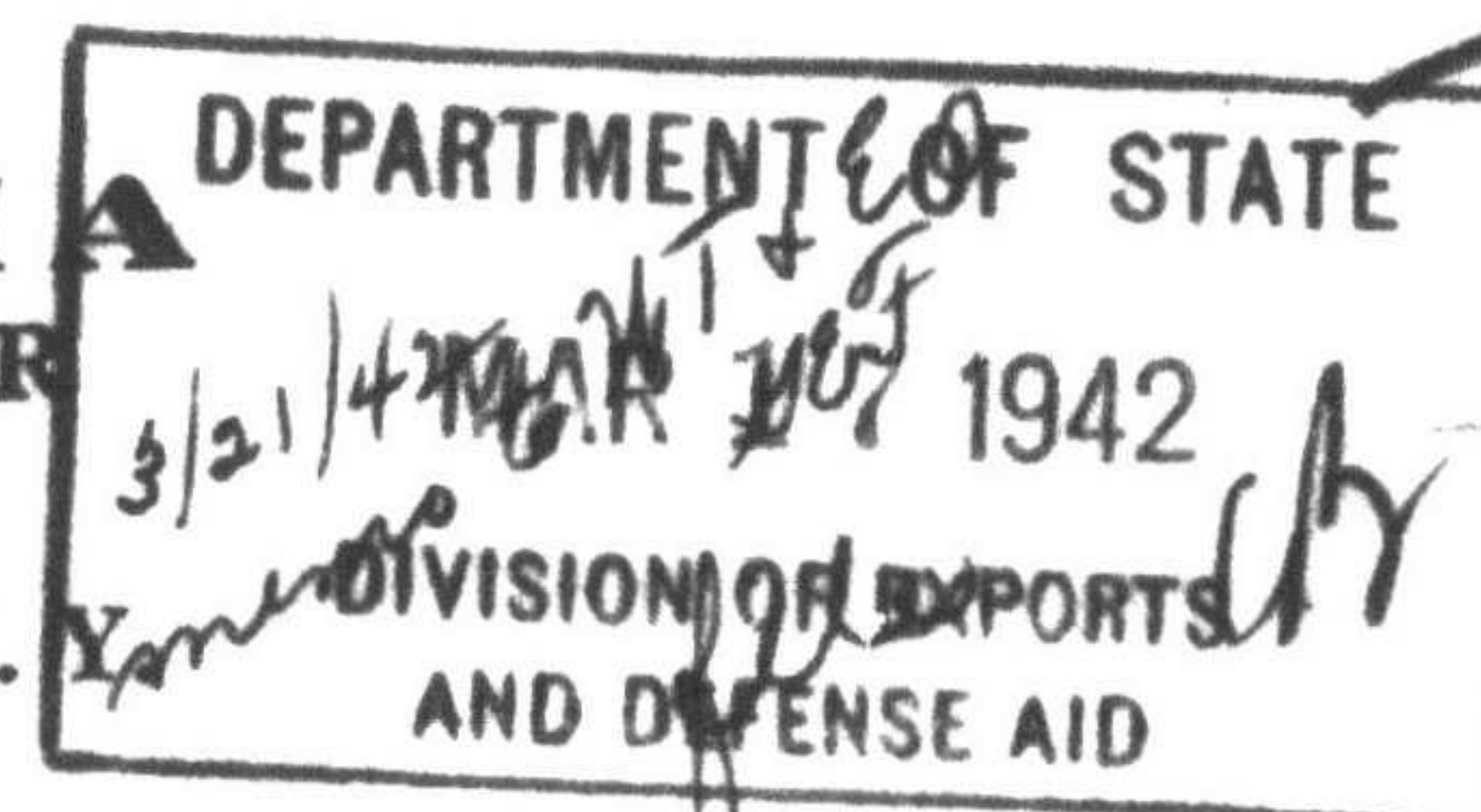
6. Commodities which are under allocation are not affected in any way by the provisions of this instruction. All allocated commodities may still go forward provided they are for an approved use and the quarterly allotments have not been exhausted.

7. Any provisions of any other Licensing Instructions which may conflict with the above are hereby modified accordingly.

F. R. KERR
Colonel, Infantry
Chief, Exports Control Branch
Office of Exports

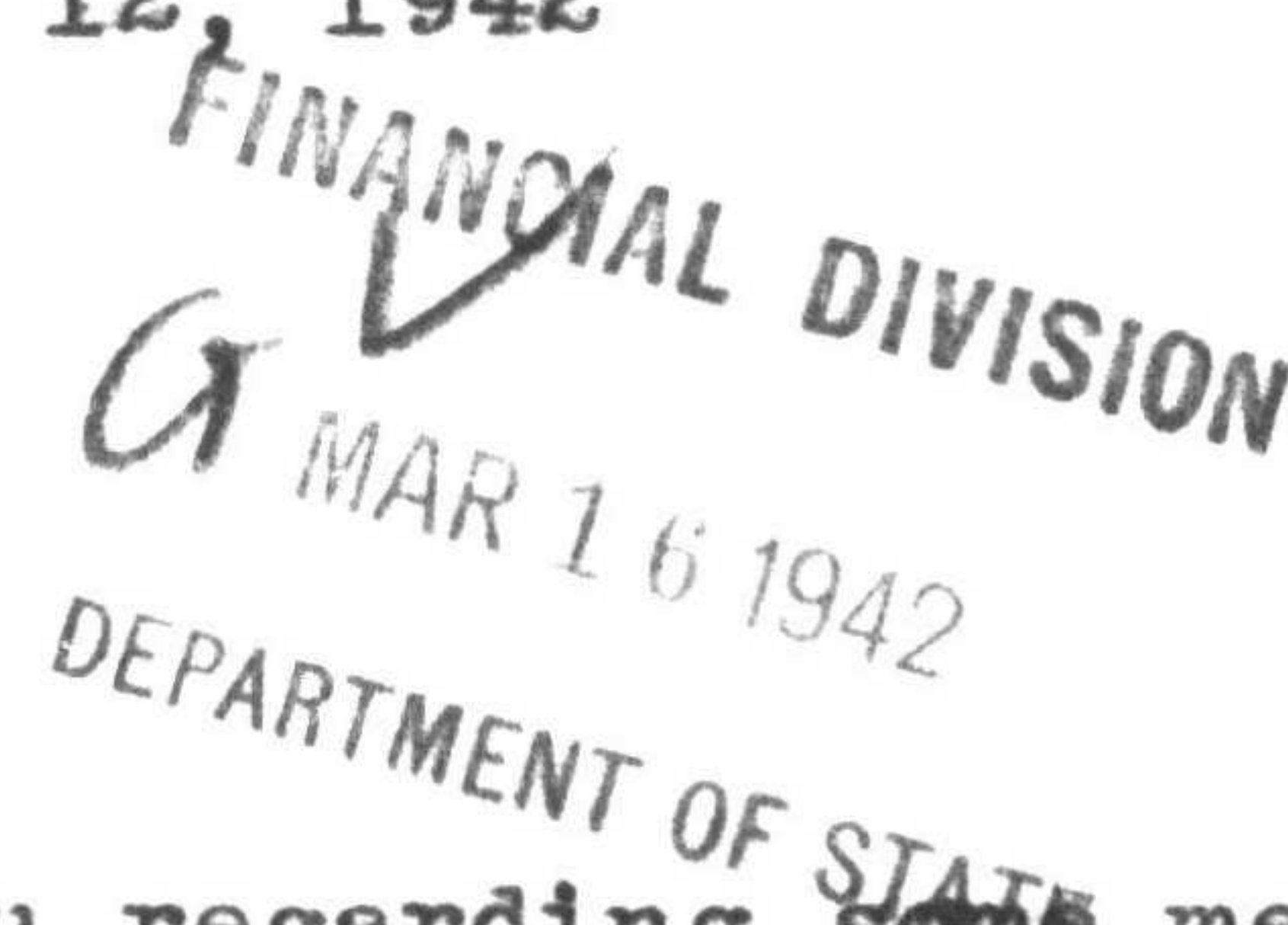
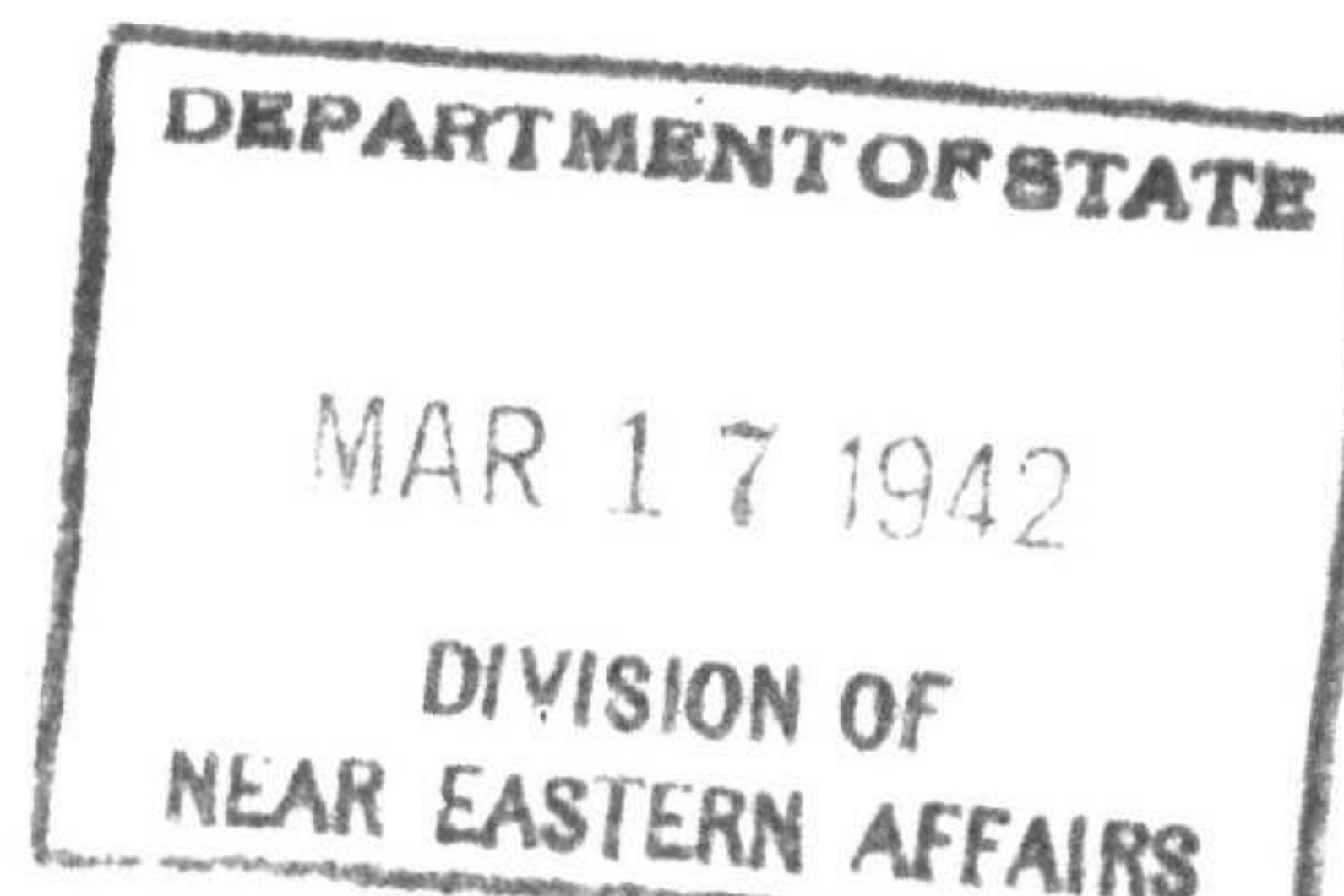
RLHarmon:mmg

RECEIVED
DEPARTMENT OF STATE
CARL S. ZEKARIA
IMPORTER AND EXPORTER
FOREIGN DEPARTMENT
1942 MAR 13 29 PM
BROADWAY NEW YORK, N. Y.
U. S. A.



DIVISION OF
COMMUNICATIONS
AND RECORDS
Secretary of State
Washington, D.C.

March 12, 1942



Dear Sir:

8909. 5151 I am taking the liberty to write to you regarding some merchandise that I have ordered for my father in this country for quite some time to be exported to him in Baghdad, Iraq. It took me about three months to have Navicerts granted for these orders. In most cases I paid deposits with order and now while I have all the shipments ready to go I received a cable from my father stating that the British new Mission in Iraq, are holding all Importers money from coming to this country, the orders that my father has in this country is about one million Dollars, he has the money deposited with the Ottoman Bank in Baghdad, and the Mission in Baghdad, dose not release his money at the same time the Manufacturers in this country are pressing me to make shipment and make payments, which is impossible for me to do unless the British Mission in Iraq, will release my father's money. I dont blame the manufacturers they have thier obligations to meet.

I will appreciate if you would have the State Department to cable the American Consul in Baghdad, Iraq. at my expense to investigate my father's difficulty with the British Mission regarding the approval of the permits and the release of his funds so we can make the shipments that he has on back order. My father's name is Sion Zekaria Baghdad, Iraq. He has branches in Syria, Persia, Palestine, and Egypt.

This is a list of the Manufacturers that we have orders with.
The National Screw & Manufacturing Co
United Shoe Machinery Corporation
Allen B. Wrisley Distributing Co
Baltimore Paint & Color Works, Inc
Sales Affiliate Co
General Tire & Rubber Co
Lee Tire & Rubber Co
Sinclair Oil Co
Cooper & Cooper Blade Co
International Razor Blade Co
R. E. Dietz Company
Colgate Palmolive Peet Co
Armstrong Cork Company
Beech-Nut Packing Co
Chelton Pen Co
National Pencil Co
Yankee Polish Co
Spors Company

APR 29 1942

FTL:ED

57/AML

Secretary of State-

Page 2
March 12, 1942

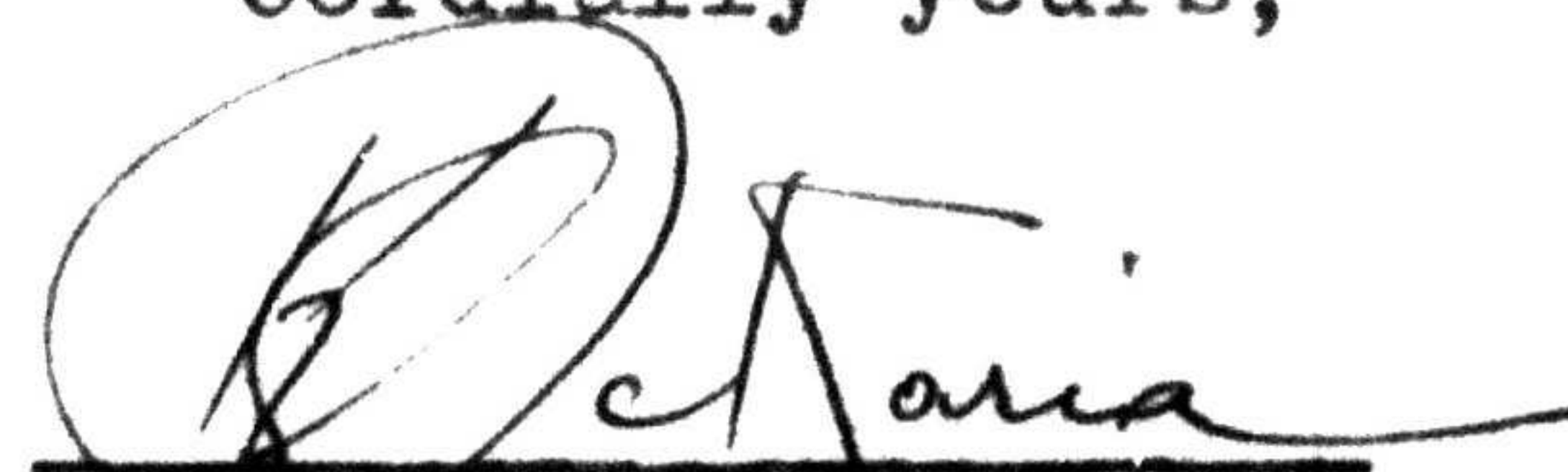
The Axton Fisher Tobacco Co
Libby McNeill & Libby

The above list dose not include the Manufacturers that I have large orders to place with which I have received since November 1941.

My father in Iraq, is helping the British Army but this exchange Mission is paralayzing all our shipments and I trust through your good office a cable will be dispatch before it is too late.

Kindly advise me if I should cable my father to contact the American Consul regarding same.

Cordially yours,



CARL S. ZENARIA

CSZ/h

DCR-file

In reply refer to
DE 890G.5151/16

April 28, 1942

My dear Mr. Butterworth:

Reference is made to my letter of March 11, 1942 regarding the request of Carl S. Zekaria of New York for assistance on the part of the American Consul at Baghdad in obtaining import permits for certain merchandise, described in the file which you were good enough to forward to the Department on March 6, 1942.

For reasons which are foreshadowed by your own comments on the case, the Department has decided not to intervene in Zekaria's behalf. You will be interested to know that of the long list of articles referred to, applications for export licenses received at the Office of Export Control cover less than ten per cent in value and that more than half of these applications have been denied.

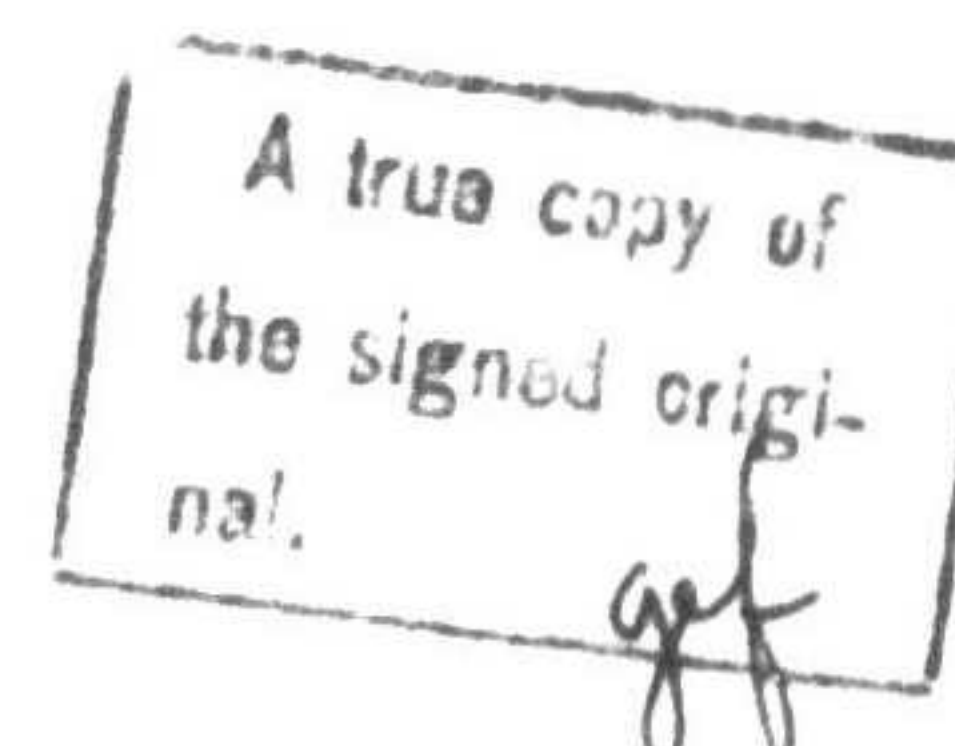
Sincerely yours,

CB

Charles Bunn
Acting Chief, Division of
Exports and Defense Aid

Mr. W. Walton Butterworth,
Acting Chief,
British Empire Unit,
Department of Commerce,
Washington, D. C.

DE:CB:GEF
4-24-42



NE
gpr
Kear

890G.5151/16

PS/LP

DEPARTMENT OF STATE

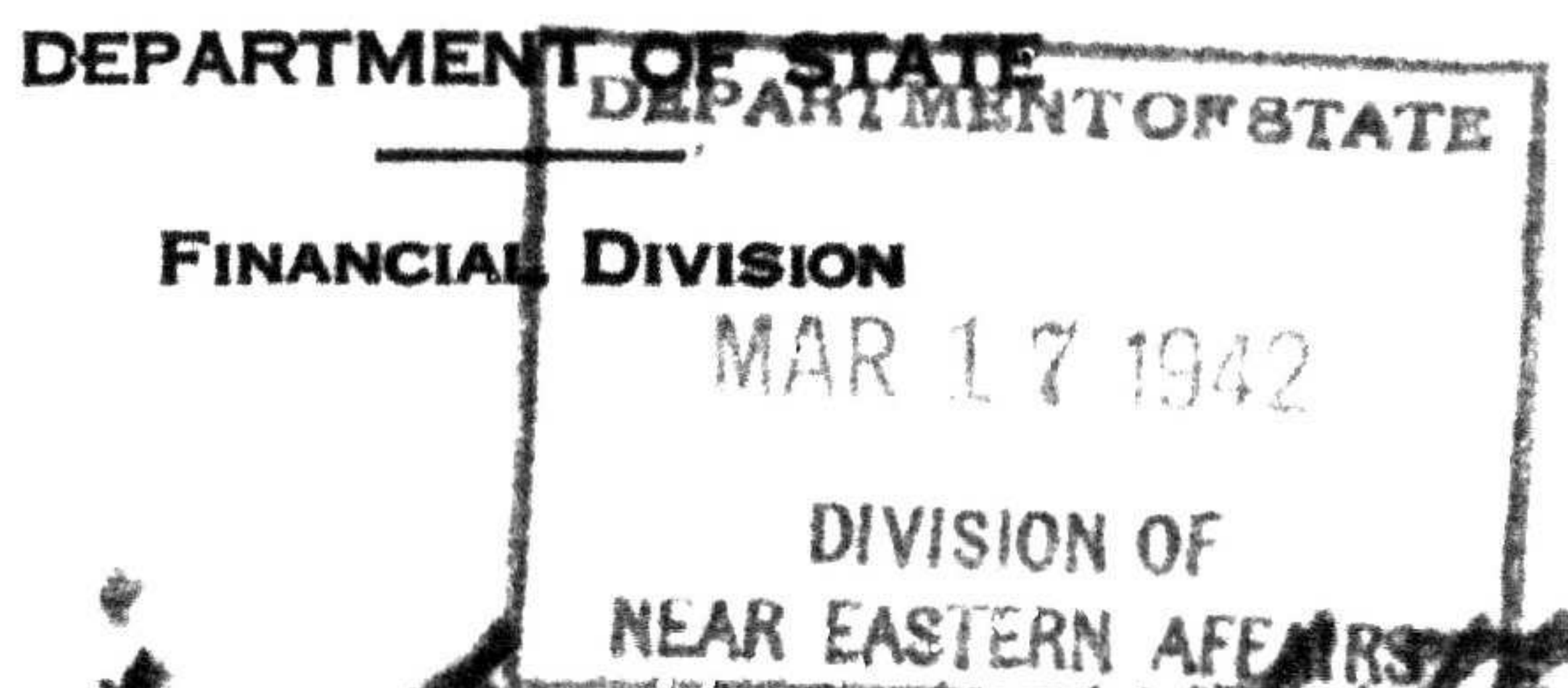
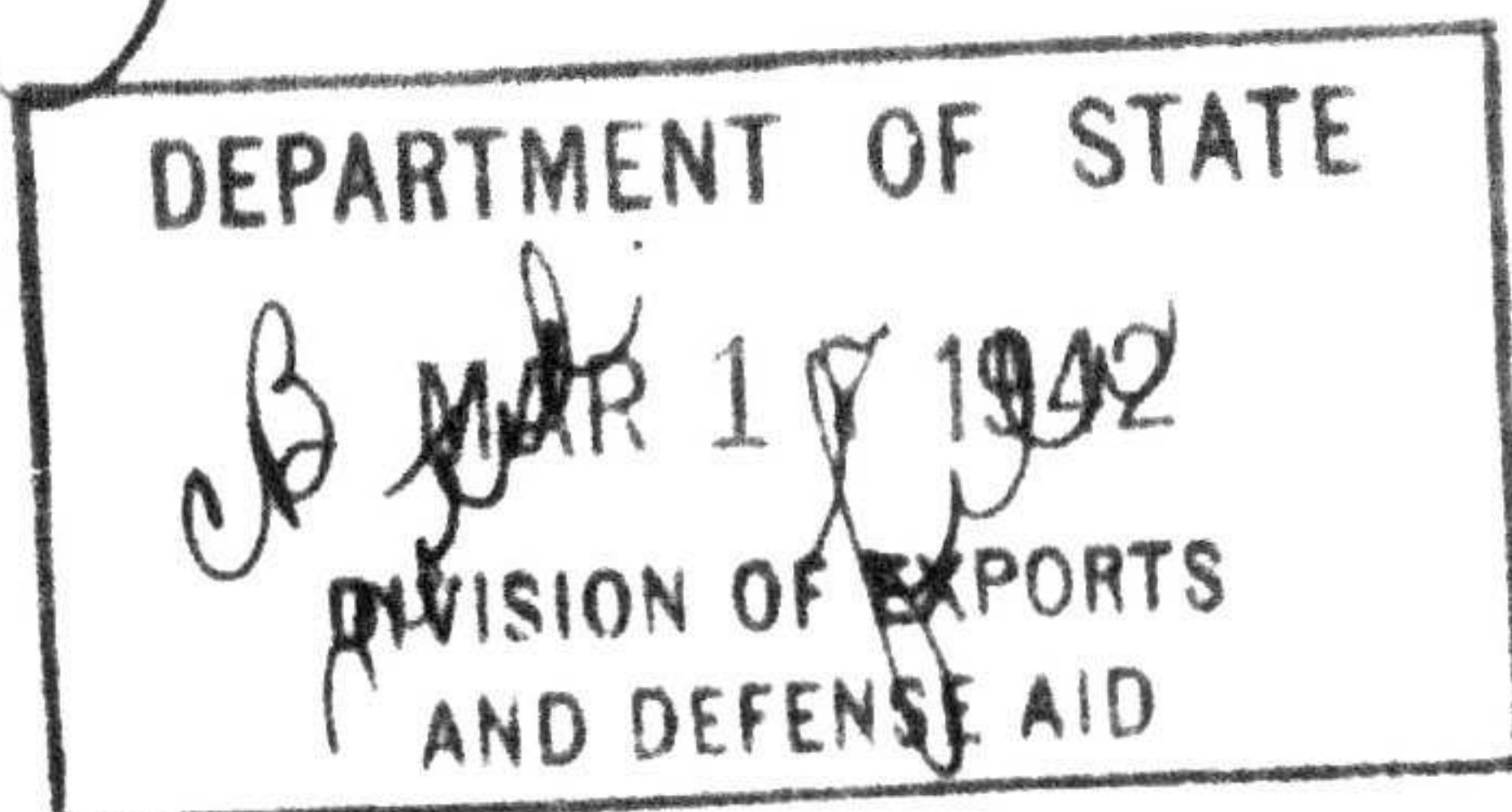
DIVISION OF NEAR EASTERN AFFAIRS

3/17/42

DE - Mr. Ector

I believe you are looking
into the Zakaria matter.

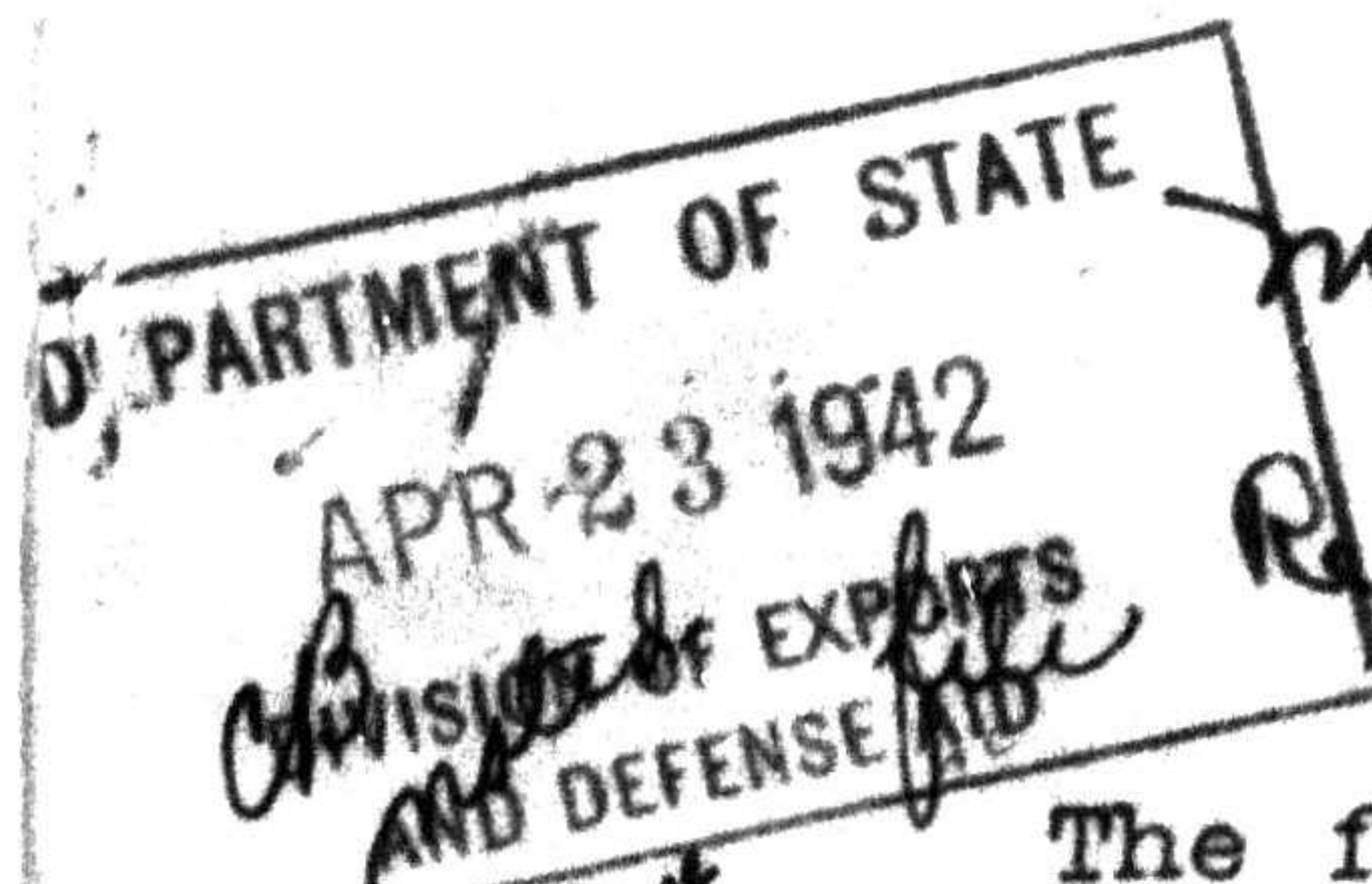
Jordan Hussein



NE

I don't know whether
this is the British
or the local authorities.
In any event I suppose
whoever runs the
country can operate
an exchange and
limiting import.

GL



3/14/42
memo from Lt. Baldwin to W.H. Corson (W.T.)
Re: Zekaria, Baghdad.

The following check has been made for Sion Abdullah Zekria, Baghdad, Iraq, as consignee for Karl S. Zekria, 25 Broadway, New York as consignor.

Consignee

There is no commercial information available in the files of World Trade Intelligence. The following trade list has been checked and the individual's name does not appear on any one of them:

Petroleum Products; Medicinal and toiletry [soap] dry goods and clothing; Confectionery; beverages; hardware; paper; tobacco; automobiles; automobile parts.

Consignor

The Domestic Intelligence Section has no information on the individual. A case is being set up for him.

There is no information in F.B.I. other than that the subject acted recently as sponsor for some party.

Licenses and Rejections issued in behalf of Sion Zekria, Baghdad.

Licenses:

Commodity Description	Value
Automobile Fan belts	\$ 2,350.
Iron & steel trucks and containers	815.
" " " "	943.
Aviation lubricating oils n.e.s. [5040.98]	8,140.
Metal trucks and containers for oil, gas, etc.	1,040.

Rejections:

Commodity Description	Value
Truck and bus casings	\$ 2,625.
" " " "	43,000.
Lubricating oil, defn P.	6,258.

I am sending you herewith a listing of separate consignee account for Iraq, 1941. The total for the entire year for this country is \$943,364. You will note that Zekria's proportion is only \$10,938.

Taking the main items which you related to me yesterday the following figures are taken from the Statistical Summary for Iraq for the final count for 1941:

F.W. 3306.5151/16

8909-5151

	Tires	Truck	Lubr. Oils	Yarn	Soap	Razor blades
Oct.	\$ 7,720	none	8,140	none	none	none
Nov.	93,855	"	10,078	"	"	"
Dec.	<u>none</u>	<u>1,900</u>	<u>118,113</u>	"	"	"
Tot.	\$101,575	1,900	226,331	"	"	"

Zekria's requirements:

\$159,000	84,000	30,000	160,000	146,000	15,000.
-----------	--------	--------	---------	---------	---------

Licenses to Iraq - January 1 to February 20, 1942

[January only]	Aircraft and parts	\$ 4,876,000
	Arms and ammunitions	3,033,000

Large trucks	Small trucks	Truck casings	Batteries
315,000	49,500	122,800	13,500

Lubr. Oils	Paper	Quoted paper	Cigarette paper	Sugar
45,000	18,000	8,000	231,000	17,000

Dyes	Bottle Caps	Tacks
25,000	7,000	4,000

Total, other than military supplies - \$845,800.

It is to be noted that the alleged requirements of Zekria in many instances seem to have no relation to the sums total for varying commodities licensed for shipment to Iraq in this period.

It is equally extraordinary that we have no record of licenses for almost all of the commodities you indicated on the telephone.

I believe this will about cover what contributions C.I.U. of the European-African Division can make on this specific problem. If there is anything else, please let me know.

795
617

DEPARTMENT OF STATE

DIVISION OF EXPORTS AND DEFENSE AID

April 22, 1944 11 40

Pigot now says he
has nothing further. Baldwin
says he has. Pigot
will check again & let
us have whatever he has

Apr 22, 5PM } Pigot
Called again. Baldwin's
memo not there. Not here
either. Not in Transit?

March 11, 1942

In reply refer to
DE

116

My dear Mr. Butterworth:

Thank you for transmitting to the Department the documents relating to the request of Mr. Carl S. Zekaria of New York for assistance on the part of the American Consul at Baghdad in obtaining import permits for certain American merchandise described in the file. I gather from some of your comments in the file that the transaction seems suspicious to you, as it does to me.

Before taking any action, I am therefore asking the appropriate officers of the Department to check; first, whether there is any possibility that Zekaria is a cloak for Axis interests; second, whether shipping space is in fact available, and; third, whether there is any objection at the Board of Economic Warfare to the issuance of export licenses covering these commodities.

My impression,

Mr. W. Walton Butterworth,
Acting Chief, British Empire Unit,
Department of Commerce,
Washington, D. C.

30000.0151/16

PS/RV

8909 5151

My impression, and it is, of course, only tentative now, is that we probably should not accede to Zekaria's request. I gather from your comments in the file that this is also your tentative view. I will report to you what the Department ultimately decides to do, and I will, of course, be grateful if you will transmit any further information about the case which comes to your attention or any opinion which you may form about it.

Sincerely yours,

cb.

Charles Bunn
Acting Chief, Division of
Exports and Defense Aid

DE:CB:GEF:PSB



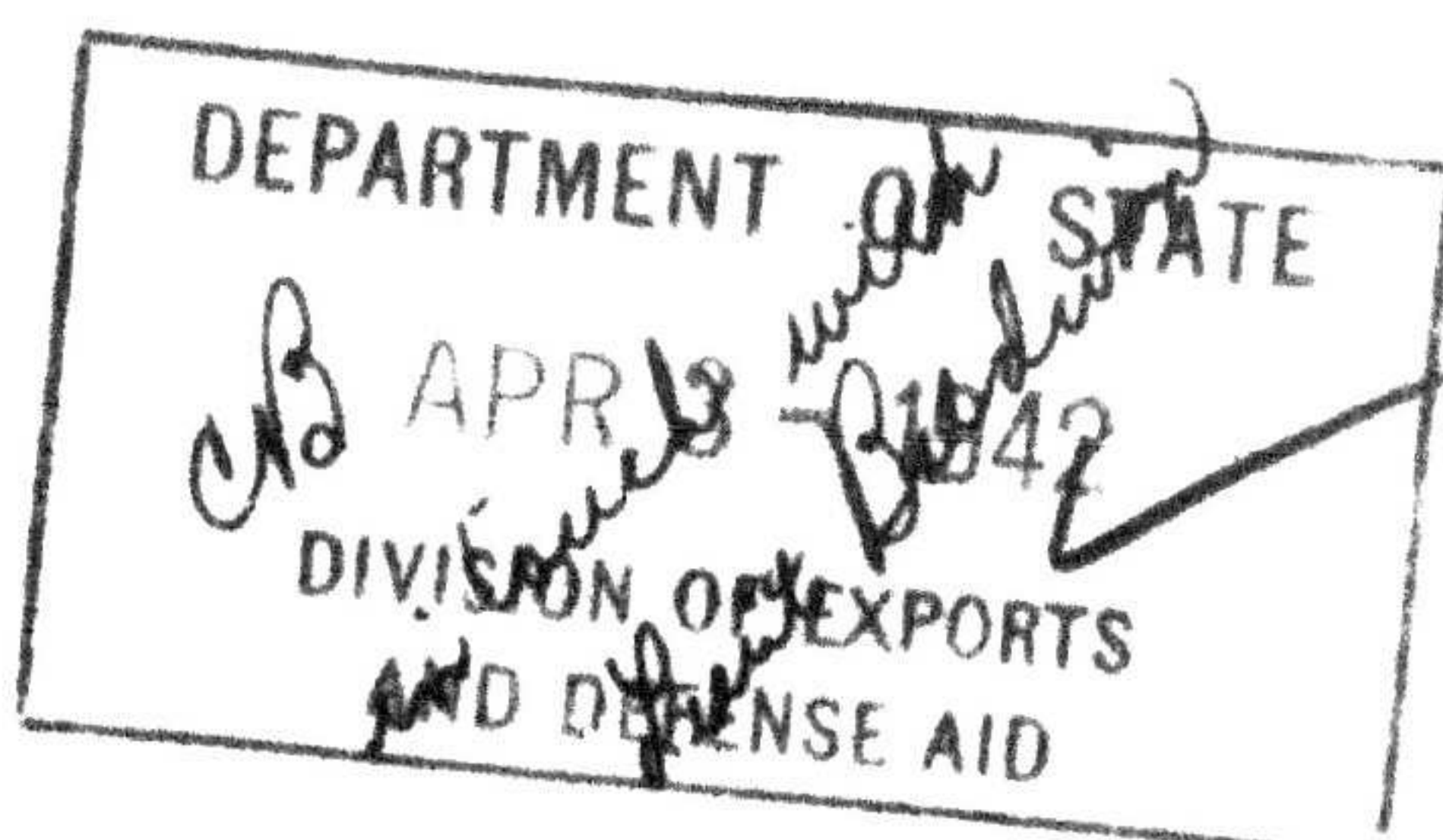
DEPARTMENT OF STATE

DIVISION OF NEAR EASTERN AFFAIRS
April 2, 1942

DE - Mr. Bunn:

Attached is the Zekaria file.
Apparently neither WT nor EO
is interested in the case.
Could DE get in touch with Export
Control to get their reaction
to the list of goods which Zekaria
desires to send to Iraq?

NE: *JPM* Merriam

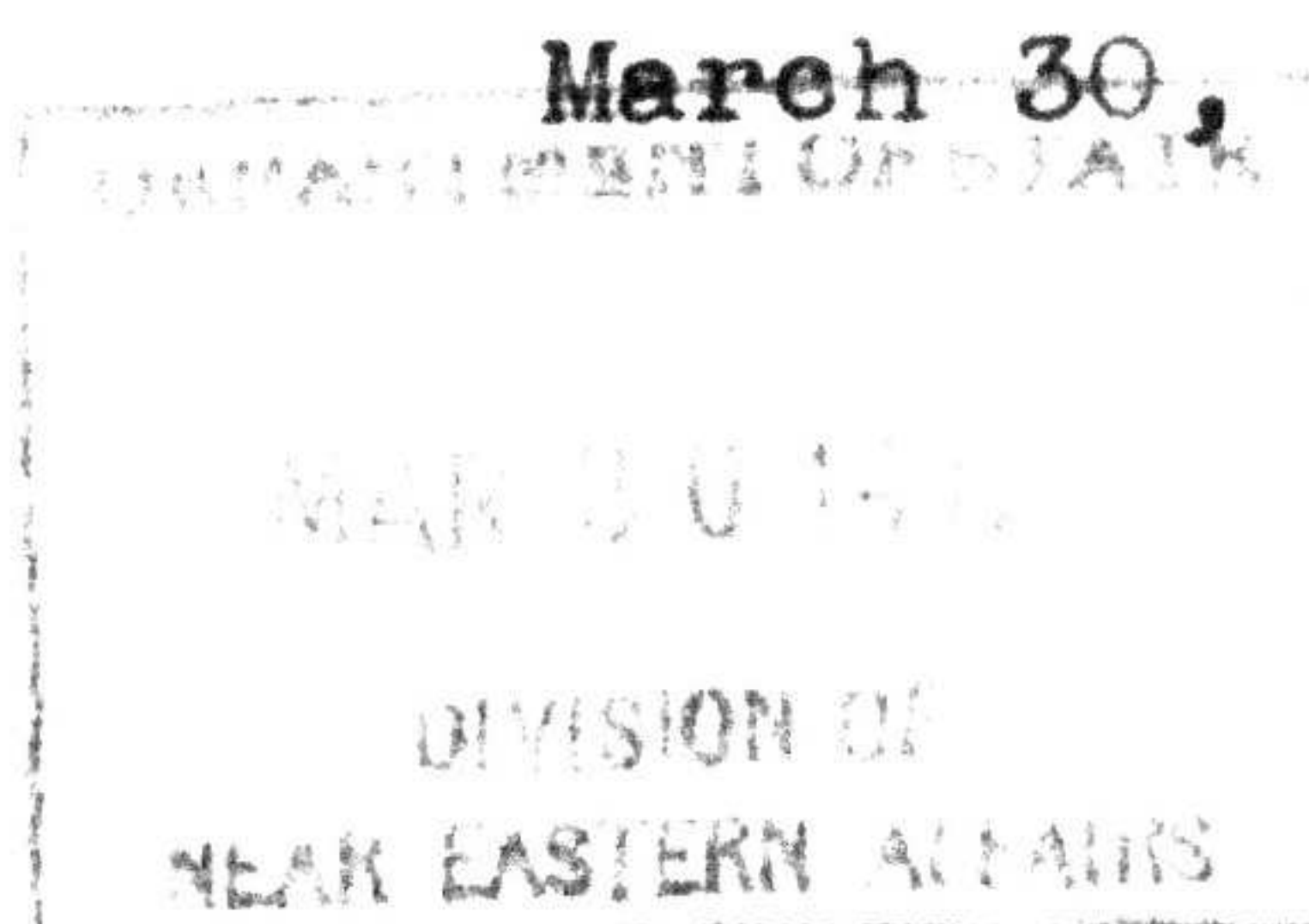


DEPARTMENT OF STATE

DIVISION OF WORLD TRADE INTELLIGENCE

NE ✓

Mr. Merriam:



WT does not have any information
concerning the Zekarias.

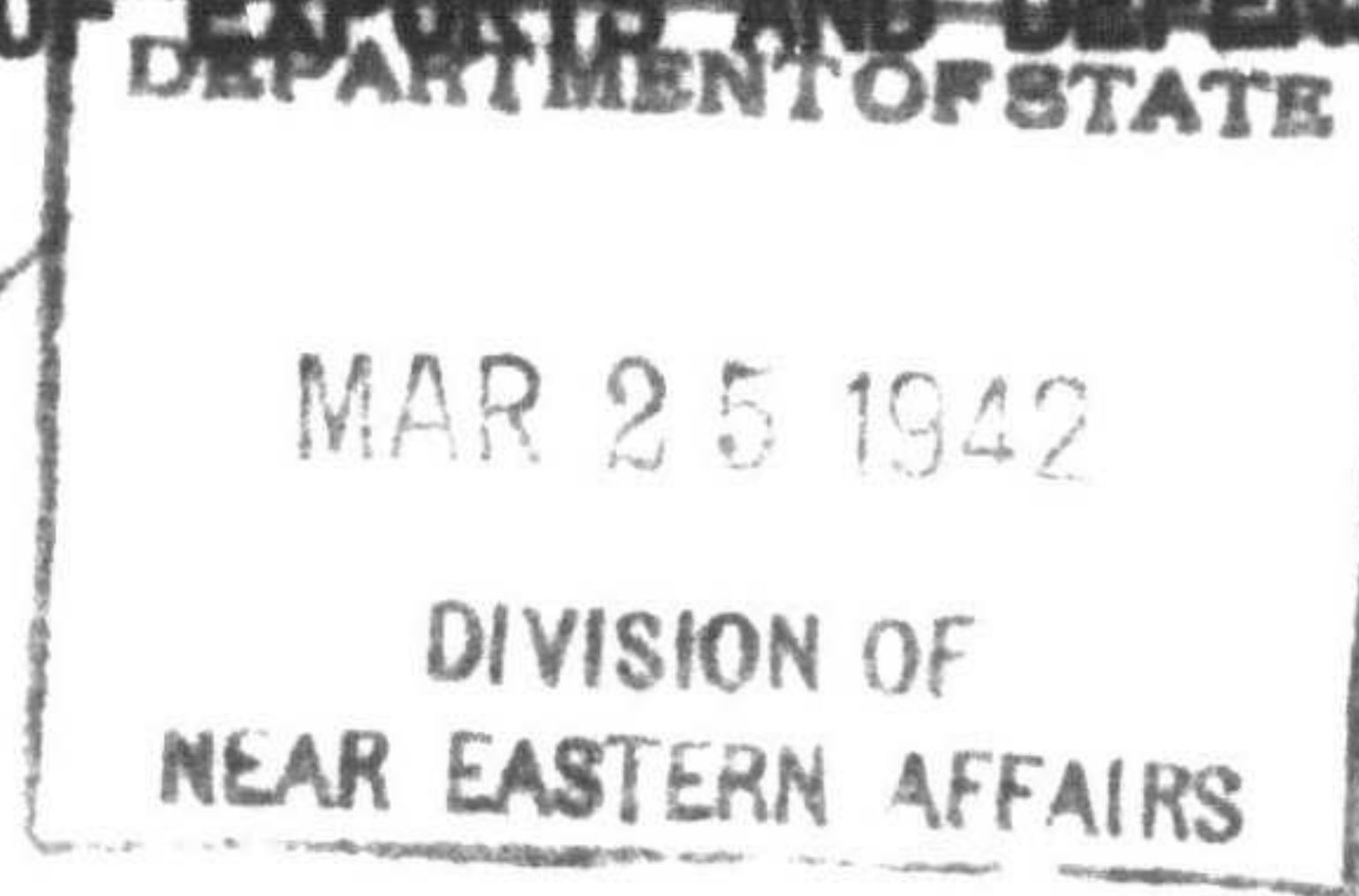
Lt. Baldwin of Export Control
(Extension 462 - Commerce) has
called this office seeking
information with respect to the
Zekarias and it may well be that
he has information in which you
would be interested.

WT: FHRussell

DEPARTMENT OF STATE



DIVISION OF EXPORTS AND DEFENSE AID
DEPARTMENT OF STATE



March 21, 1942



WT - Mr. Dickey:

EO - Mr. Corbett: *This should go to NE or*

EU for an answer

NE On March 11, 1942 I forwarded to you a file from the Department of Commerce relating to a request from Carl S. Zekaria of New York City that the Department instruct the American Consul at Baghdad to furnish assistance in his effort to get clearance at that end for importations from this country. Mr. Zekaria has now appealed to the Department of State direct; his letter addressed to the Secretary is attached.

You will notice that both ^{the} relationships and the persons alleged to be holding up the transfer have changed--Sion Zekaria of Baghdad now appears to be Carl Zekaria's father instead of his son; it is no longer the Iraqi Exchange Commission who are alleged to be holding up the business but the "British new Mission in Iraq". Otherwise this request seems to raise the same question as the other one.

Attachment:
From Carl S. Zekaria,
March 12, 1942.

CB.
Charles Bunn

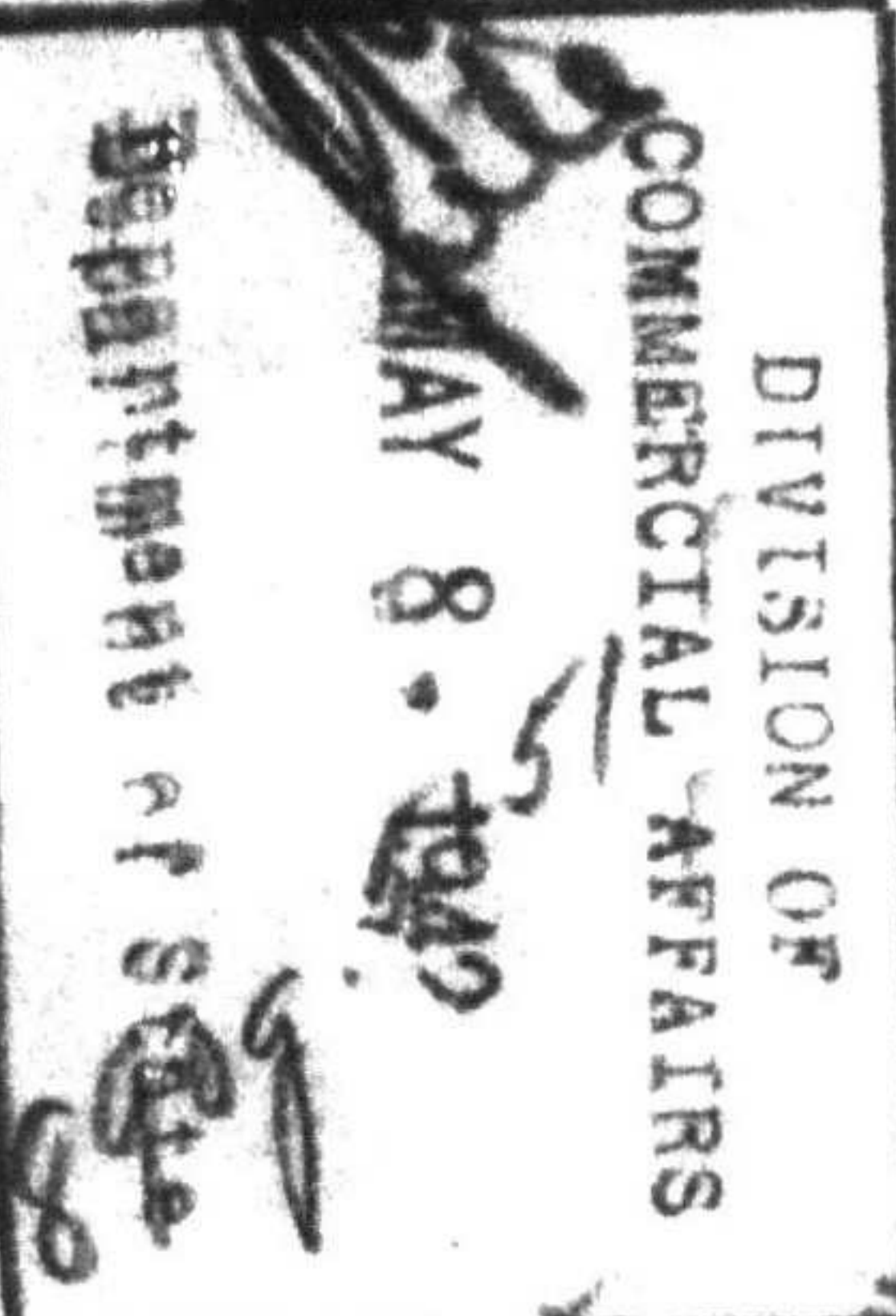
890G.5151/16

DE:CB:GEF

FW890G.5151/16

PS/RV
FILED

MAY 11 1941



*Letter to
W. W. R. Bunn
4/28/42
DE:CB:GEF*

March 21, 1942

WT - Mr. Dickey:

EO - Mr. Corbett:

On March 11, 1942 I forwarded to you a file from the Department of Commerce relating to a request from Carl S. Zekaria of New York City that the Department instruct the American Consul at Baghdad to furnish assistance in his effort to get clearance at that end for importations from this country. Mr. Zekaria has now appealed to the Department of State direct; his letter addressed to the Secretary is attached.

You will notice that both ^{the} relationships and the persons alleged to be holding up the transfer have changed--Sion Zekaria of Baghdad now appears to be Carl Zekaria's father instead of his son; it is no longer the Iraqi Exchange Commission who are alleged to be holding up the business but the "British new Mission in Iraq". Otherwise this request seems to raise the same question as the other one.

Attachment:

From Carl S. Zekaria,
March 12, 1942.

CB.
Charles Bunn

8906.5151/16

DE:CB:GEF



LEGATION OF THE
UNITED STATES OF AMERICA

8239

Baghdad, Iraq, March 3, 1942.

No. 1852

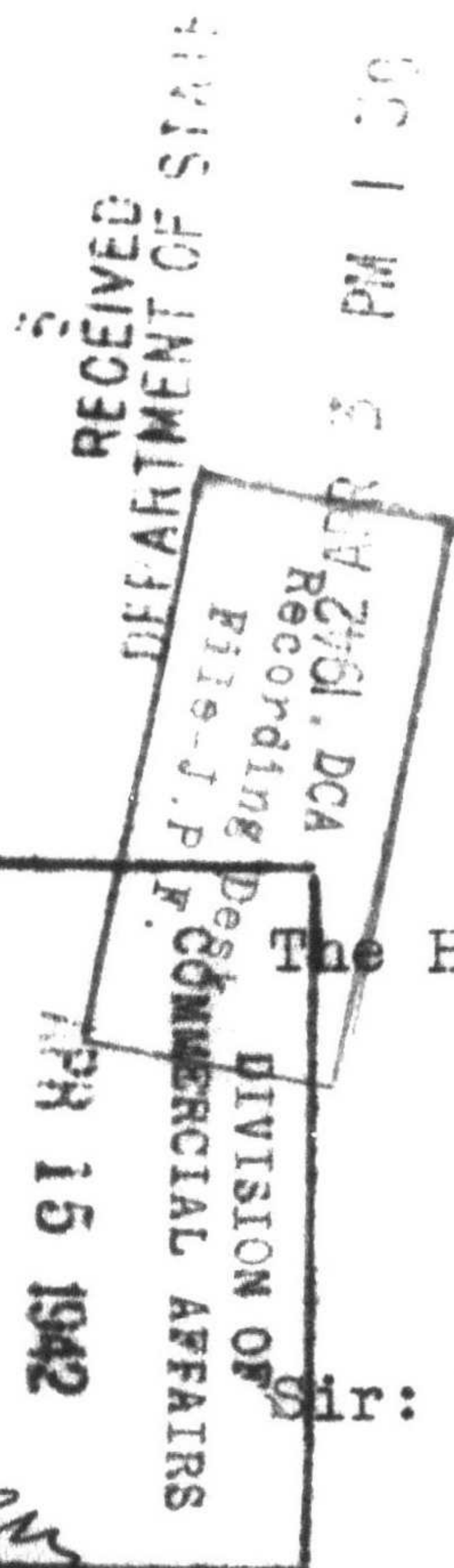
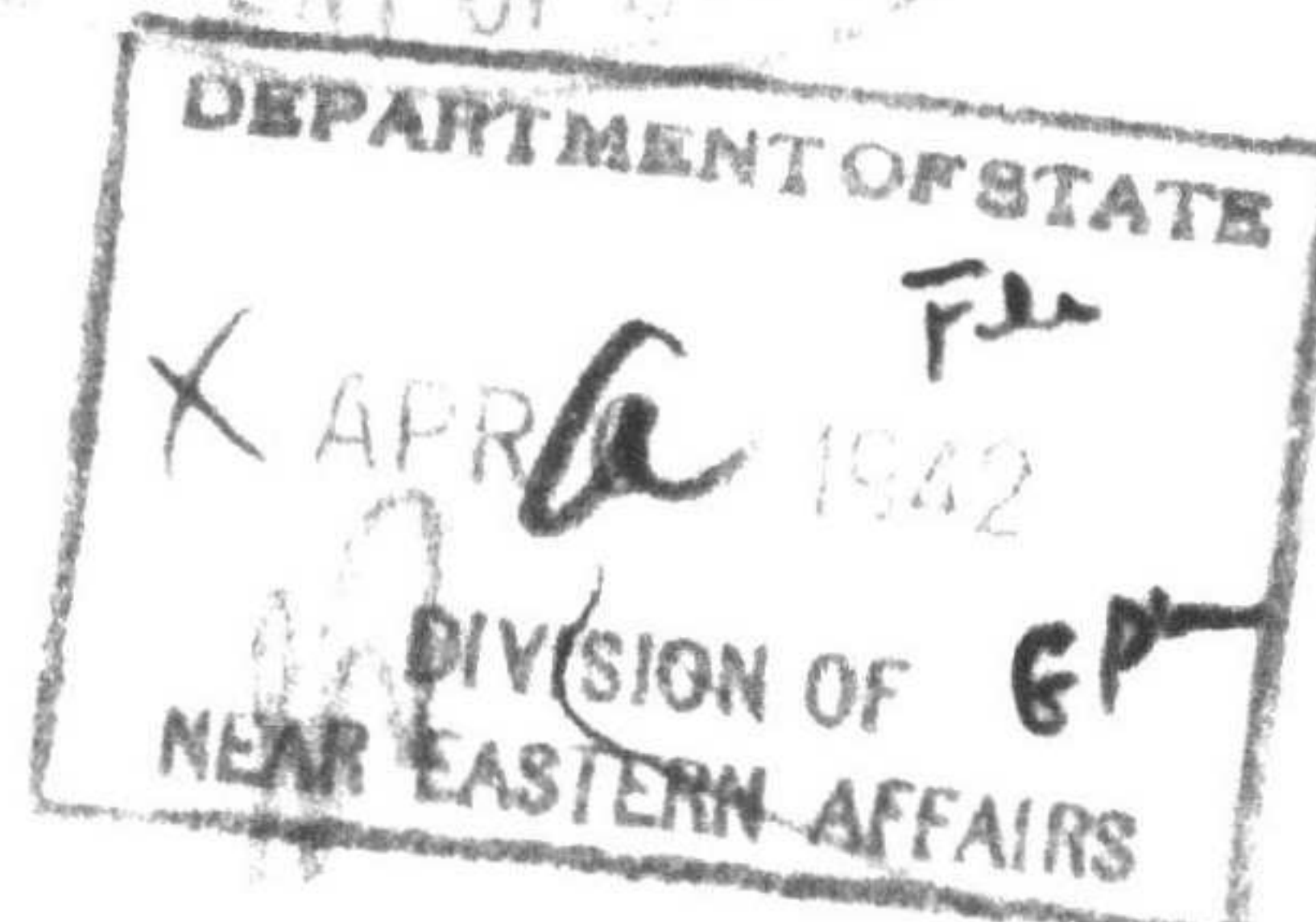
Subject: Regulations Imposing a Tax on Dollar
Transactions

S-Dept's tel. list.
3/2/42, 11 p.m.
GPR

FINANCIAL DIVISION

APR 8-1942

DEPARTMENT OF STATE



FOR DISSEMINATION	Yes	No
<i>Exchange Control Committee</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Treasury Federal Reserve</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The Honorable

The Secretary of State,
Washington, D.C.

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
APR 15 1942
DEPARTMENT OF STATE

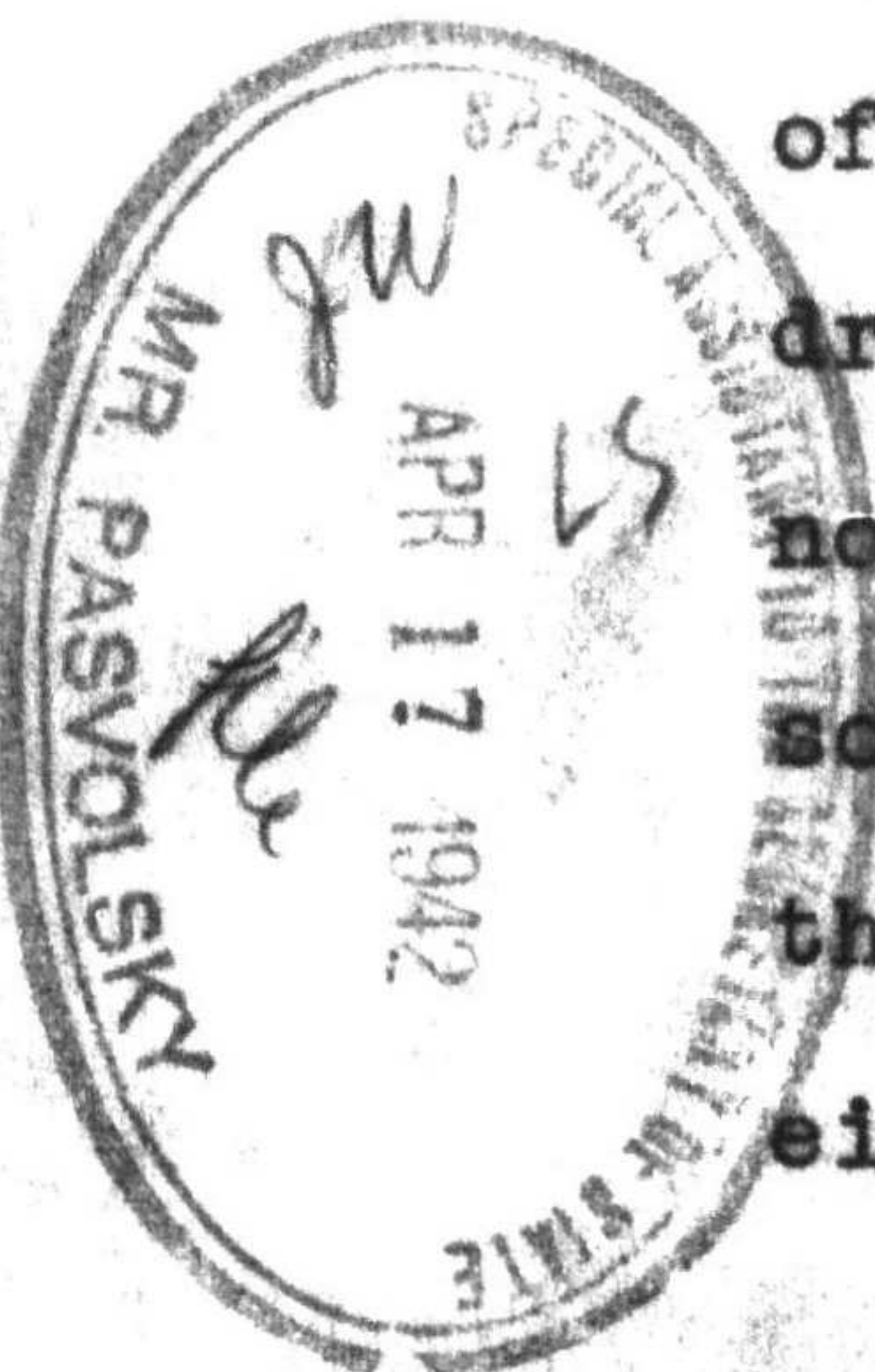
APR 16 1942

Sir:

I have the honor to (refer to the Legation's tele-
gram of February 25, 4 p.m.) informing the Department of
a regulation issued by the Iraqi Exchange Control Com-
mittee which imposes a transaction tax of 3 fils per
dinar (with a minimum of 50 fils) on sales and purchases
of United States dollars and Swiss francs, respectfully
drawing the attention of the Department to the fact that
no exemption for diplomatic, consular, or military per-
sonnel is stated in either the law or regulation and that
the Exchange authorities have declined orally to exempt
either personal or official drafts of members of the Lega-
tion

890G.5151/17

PS/LMA



tion, the Consulate at Basrah, or the American military establishments in Iraq, and asking for instructions.

There is enclosed herewith a copy of the notification issued by the Exchange Control Committee, regarding the new tax imposed, which went into effect on February 18, 1942.

Since the issuance of this regulation I have drawn no draft on the Department and do not intend to do so before receiving instructions in the premises.

Respectfully yours,

A handwritten signature in dark ink, appearing to read 'W. S. Farrell', is written over the typed name and title.

William S. FARRELL,
Chargé d'Affaires ad interim.

✓
Enclosure:

Notification.

File No. 851.51
AJL/efg.

Enclosure to despatch No. 1852 of March 3, 1942 from the American Legation, Baghdad.

EXCHANGE CONTROL REGULATION NO. 14 OF 1942

In accordance with Article 14 of the Exchange Control Law No. 71 of 1941, pursuant to the proposal of the Minister of Finance and with the approval of the Council of Ministers, I hereby order the promulgation of the following Regulation:

Article 1. No person shall, except with the permission of the Exchange Control Committee:

- (a) draw, issue or negotiate any bill of exchange or promissory note, or acknowledge any debt, so that a right (whether actual or contingent) to receive a payment in Iraq is created or transferred in favor of a person who is resident outside the sterling area;
- (b) make any payment to or by the order or on behalf of such person.

Article 2. No person shall, except with the permission of the Exchange Control Committee:

- (a) draw, issue or negotiate any bill of exchange or promissory note, transfer any security or acknowledge any debt, so that a right (whether actual or contingent) to receive a payment in Iraq is created or transferred in favor of a person resident within the sterling area as consideration for, or in association with:
 - (i) The receipt by any person of a payment, or the acquisition by any person of property, outside the sterling area, or
 - (ii) The creation or transfer, in favor of any person of a right (whether actual or contingent) to receive a payment, or acquire property outside the sterling area; or
- (b) make any payment to a person resident within the sterling area as such consideration or in such association as aforesaid.

Article 3. A tax at the rate of 3 fils per Dinar shall be imposed on transactions involving the sale or purchase of U.S. Dollars or Swiss Francs, provided that the tax shall not be less than 50 fils on each transaction and that it shall be levied through the Licensed Dealers.

Article 4. The Minister of Finance is charged with the execution of this Regulation.

Article 5. This Regulation shall come into force from the date of its publication in the Official Gazette.

March 6, 1942

~~DEA~~

To: Mr. Paul Meyer

Division of Commercial Affairs

Department of State

In accordance with the procedure which you suggested in our telephone conversation yesterday, there are inclosed for the action of the Department of State copies of the correspondence concerning the request of Mr. Carl S. Zekaria of New York for the assistance of the Consul in Baghdad.

8909 5151

*See letter to [unclear]
W. [unclear]
DE/cB/GER
K.F.C.
K. Cahill*

[Signature]

11 9 1942

Department of State

DIVISION OF
COMMERCIAL AFFAIRS



MAY 11 1941

FILED

March 5, 1942

To: New York Regional Office.

38

From: British Empire Unit.

Subject: Request of Carl S. Zekaria, New York, for assistance of Consul at Baghdad, Iraq, in obtaining Import Permit from Iraqi Exchange Commission.

The receipt is acknowledged of your teletyped message of March 5, 1942, concerning the above subject.

Mr. Zekaria's request has been referred to the Department of State for appropriate action. Any comments which can be made will be sent to you as soon as possible.

W. Walton Butterworth,
Acting Chief,
British Empire Unit.

Forwarded:

Robert Sevey,
Manager, Field Service.

KCahill/dh

88006.5151/18

PS/RV

C
O
P
Y

RECEIVED BRITISH EMPIRE UNIT
MARCH 5, 1942

BURFORCOM WASH

NY REGIONAL OFFICE. BUTTERWORTH BRITISH EMPIRE UNIT. RE YOUR
TELETYPE TODAY SUBJECT ZEKARIA REQUEST FOR CONSULAR HELP IRAQ.
ZEKARIA SAYS MERCHANDISE READY AND PENDING INCLUDES IN THOUSANDS
DOLLARS TIRES HUNDREDFIFTYNINE, SOAP HUNDREDFORTYSIX, YARNS
HUNDREDSIXTY, TRUCKS EIGHTYFOUR, OIL THIRTY CHEWING GUM EIGHTEEN,
BOTTLEXXX BOTTLECAPS SEVENTEEN, RAZORBLADES, FIFTEEN,
FLINTS TWELVE, PENCILS SIX, CIGARETTES FIVE, SHOEPOLISH TEN,
ETCETERA. SPACE ALREADY BOOKED AND THE DIFFICULTY RESOLVABLE NOT
HERE BUT SOLELY IN IRAQ APPARENTLY. ZEKARIA IN IRAQ HAS FULL
PARTICULARS ACCORDING TO ZEKARIA HERE. BELIEVE PROBABLE SOL BLOOM
NOW ON THE CASE IN EVENT STATE PREFERS AWAIT WORD FROM HIM.

SINNOTT CRM

WASHINGTON, MARCH 4, 1942

TELETYPE

TO NEW YORK REGIONAL OFFICE

FROM BRITISH EMPIRE UNIT

YOUR LETTER MARCH 3, 1942

DEPARTMENT'S LETTER DATED MARCH 3 STATED DEPARTMENT'S
RELUCTANCE TO TELEGRAPH IRAQ WITHOUT KNOWLEDGE PRECISE NATURE
OF MERCHANDISE IN VIEW OF NECESSITY OF CONSERVING SHIPPING SPACE
FOR ESSENTIAL IMPORTS INTO WAR AREAS

BUTTERWORTH

KCahill/dr

March 3, 1942

To: Bureau, Washington - British Empire Unit.
From: New York Regional Office.
Subject: Request of Carl S. Zekaria, New York City.

Mr. Carl Zekaria has telephoned us several times in the past few days to ascertain what action State may have taken on the request reported to you in our memo of February 26.

He now asks that we request you to teletype us, upon receipt of this present memo, what the status is of this matter.

John F. Sinnott
Regional Manager.

C
O
P
Y

March 3, 1942

To: New York Regional Office.

From: British Empire Unit.

Subject: Request of Carl S. Zekaria, New York, for Assistance of Consul at Baghdad, Iraq, in Aiding Sion Zekaria, Baghdad, Iraq, to Obtain Import Permit from Iraqi Exchange Commission.

The receipt is acknowledged of your letter of February 26, 1942, stating the request of Mr. Carl S. Zekaria, of New York, that the consul at Baghdad, Iraq, assist his father, Mr. Sion Zekaria, of Baghdad, Iraq, in obtaining a permit from the Iraqi Exchange Commission to import American merchandise for which he states import permits were obtained prior to an exchange regulation of last November and which is now ready for shipment in New York.

We are very reluctant to telegraph the consul, requesting that he use his good offices, until we know the precise nature of the merchandise which Mr. Sion Zekaria desires to import. At this time, when shipping is so extremely important, we do not feel free to facilitate the movement of non-essential goods, particularly to a war area.

W. Walton Butterworth,
Acting Chief,
British Empire Unit.

Forwarded:

Robert Sevey,
Manager, Field Service.

KCahill/dh

RECEIVED BRITISH EMPIRE UNIT
FEBRUARY 27, 1942

C
O
P
Y

BURFORCOM WASH

BURFORCOM NY

BRITISH EMPIRE UNIT

REFERENCE OUR MEMO FEBRUARY 26 SUBJECT REQUEST OF CARL ZEKARIA. NOTE
FOLLOWING CORRECTION. SION ZEKARIA IS DOMICILED AND DOES BUSINESS
AT BAGHDAD NOT BASRAH. SINNOTT CRM

C
O
P
Y

February 26, 1942

To: Bureau, Washington - British Empire Unit.
From: New York Regional Office.
Subject: Request of Carl S. Zekaria, New York City.

Today, Mr. Carl S. Zekaria, 29 Broadway, New York, telephoned to complain that his father, Sion Zekaria, an Iraqi subject residing and doing business in Basrah, Iraq, had not been able to get a permit from the Iraqi Exchange Commission to import certain American merchandise for which he had previously obtained import permits and which is now ready here for shipment to him. Mr. Zekaria states that the value of this merchandise is "about a million dollars"; but whether actually or figuratively, we do not know.

Mr. Zekaria asserts that prior to the latter part of November, there was no exchange problem in Iraq, and the goods now held up here on this new regulation represent merchandise prepared on orders placed months ago, prior to the new exchange regulation.

He feels most strongly about this and believes that the British influence (with which he and his father are politically very much in accord and in a material way, he intimates) is economically a malign factor in the trouble his father is experiencing. He has written to his "good friend Congressman Sol Bloom" about this, and seems bent on raising his complaint to the ears of any who will listen.

For this reason, and particularly because American merchandise is involved, we suggested to Mr. Zekaria that we might, if he wished us to at his expense, ask the State Department to instruct the Consul at Baghdad to advise and cooperate with his father, perhaps to the extent of making inquiry of the authorities to ascertain the background of the delay in granting exchange. We stated that the Administration's well-defined position regarding official intervention would not, in any case, permit the Consul to do more than "advise and cooperate" with Sion Zekaria, on the latter's request. Our subject contact has accepted this proffered suggestion, and requests our assistance along that line. He states that he has an account with RCA, and that State's radiogram can be billed directly to him. He, meanwhile, is radioing his father to contact the American Consul at Baghdad, whom, he says, his father knows well.

see
regional
memo 2-27-42

British Empire Unit
February 26, 1942

We shall appreciate your acting affirmatively on this request at early convenience.

Although Mr. Carl S. Zekaria, who appears from the names on his office door (Room 1611, 29 Broadway) to trade under the further names: National American Products Company, Export Merchandising Company and Lee Rubber & Tire Company, (as export manager for the last-named), is not, under any of these names, on the Exporters' Index, we are today requesting that he make the necessary application.

John F. Sinnott,
Regional Manager.



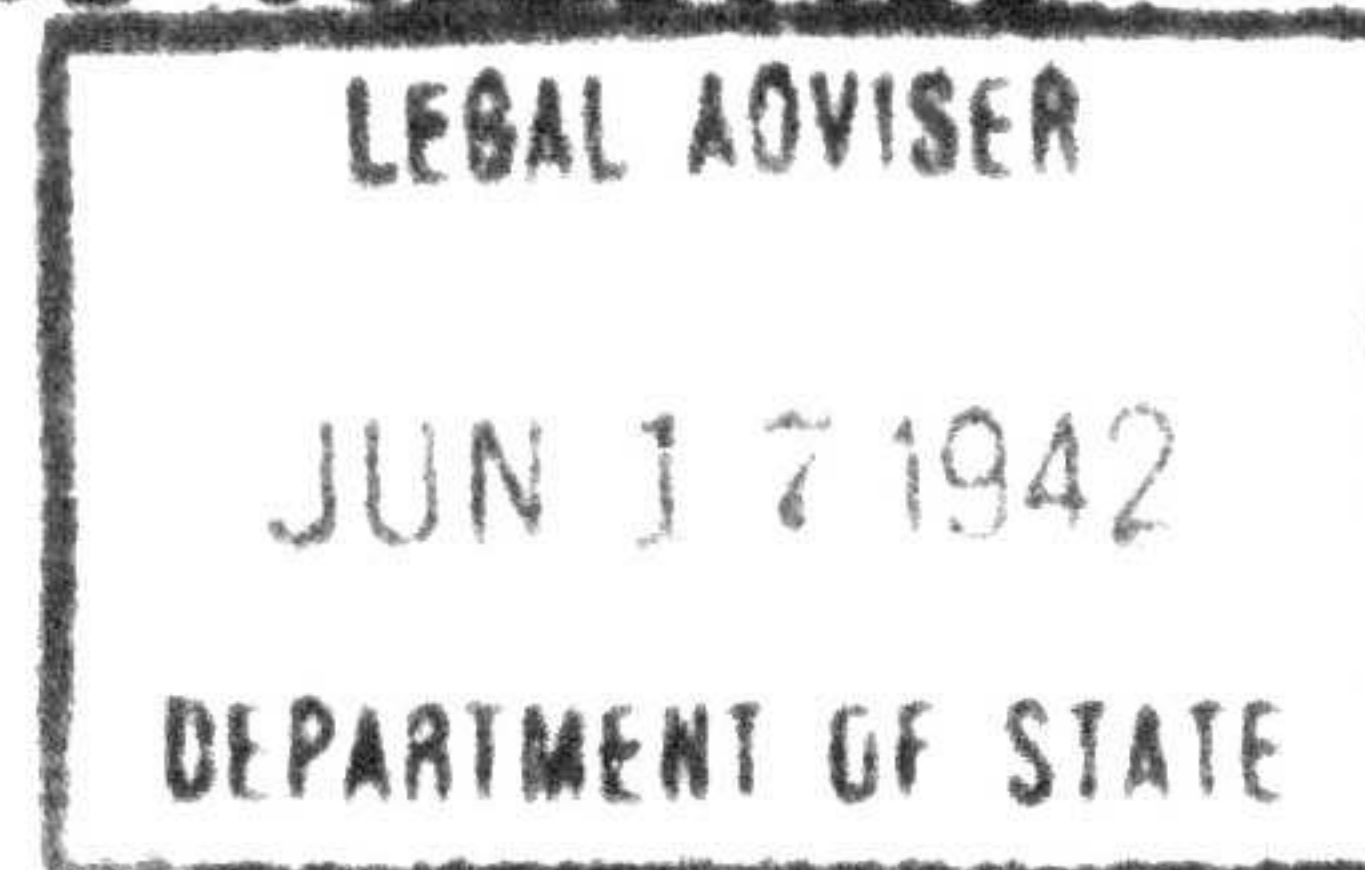
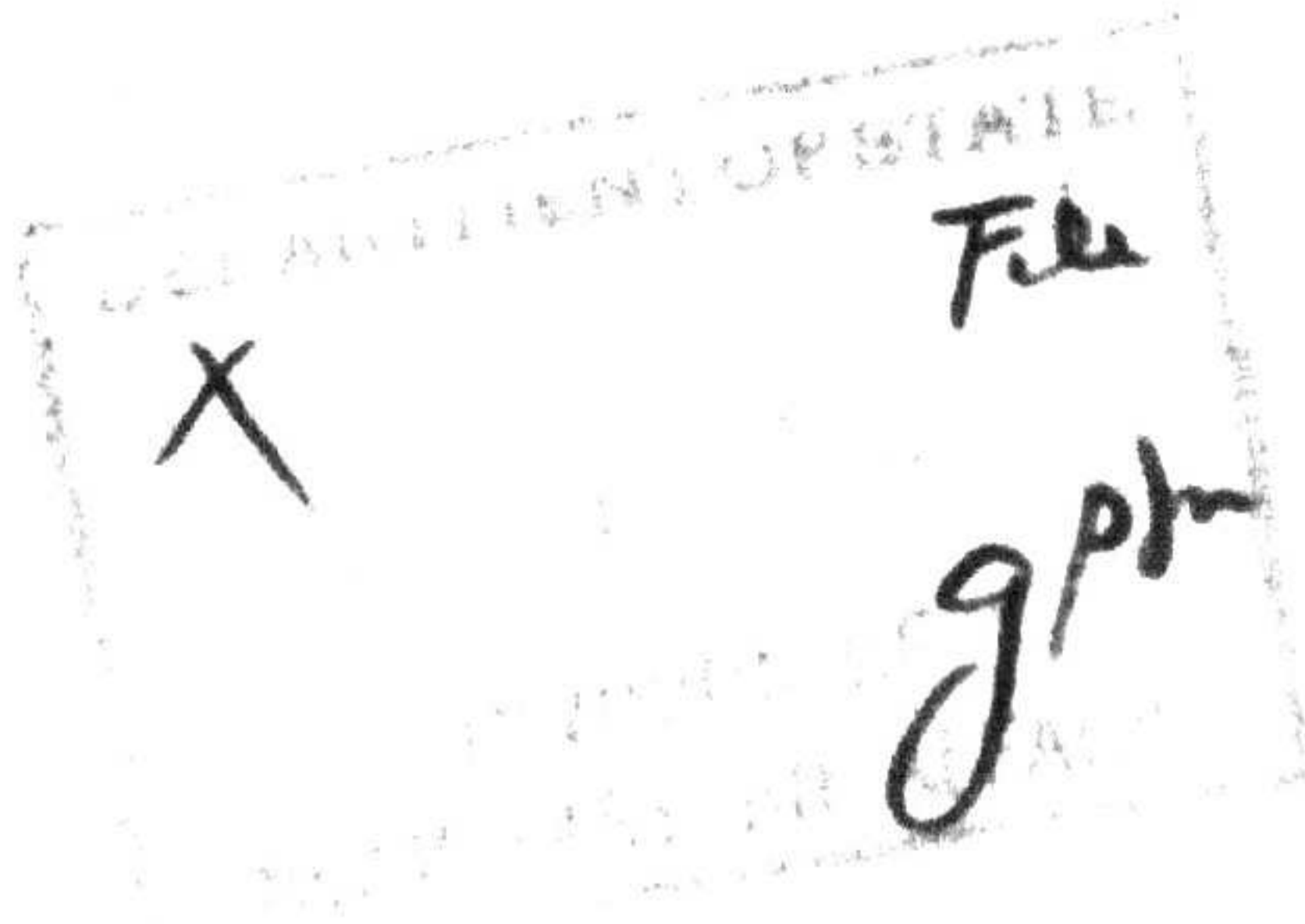
LEGATION OF THE
UNITED STATES OF AMERICA
Baghdad, Iraq, May 13, 1942

No. 1916

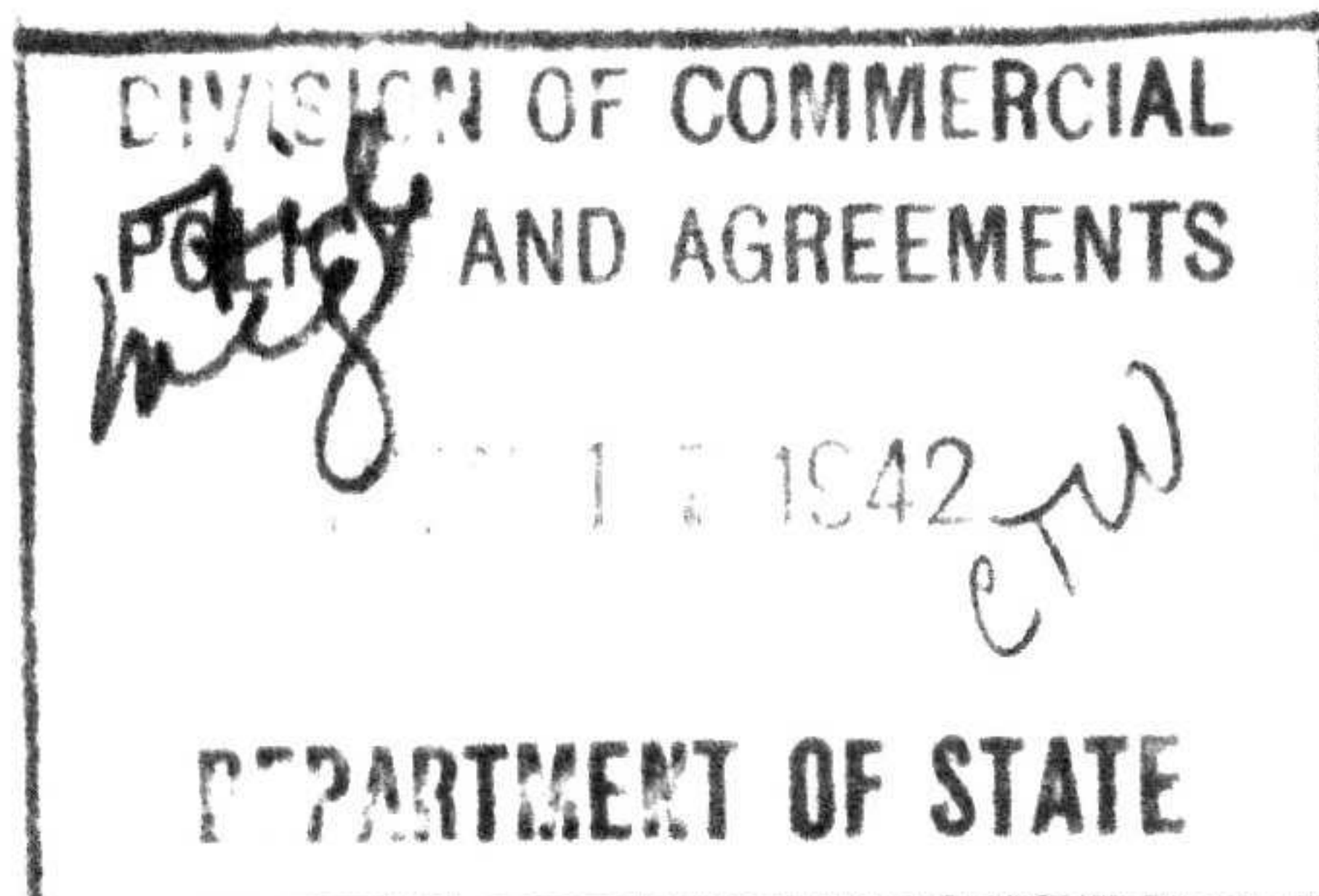
Subject: Transmitting Copy of Letter from C.E. LOOMBE
of the Iraq Exchange Control Committee

RECEIVED
DEPARTMENT OF STATE

1942 JUN 11 PM 4 00



June 18, 1942
FINANCIAL DIVISION
JUN 12 1942
6-13-42 F.D. [illegible]
DEPARTMENT OF STATE



890G.5151/19

The Honorable

The Secretary of State,

Washington, D.C.

Sir:

I have the honor to attach copy of a letter,
dated May 5, 1942, from C. E. LOOMBE, Secretary of the
Iraq Exchange Control Committee requesting the assistance
of the Legation in obtaining a list of accounts maintained
by Iraq residents in New York banks.

Mr. Loombe has been informed, as in the case covered
by the Legation's telegram No. 18 of January 23 and the
Department's reply of February 3, 1942 that it might not
be possible to obtain this information under existing laws
and regulations.

It will be

PS/SGB

FILED

JUN 19 1942

890G.5151/19

It will be appreciated, however, if the Department will consider this request and advise whether the information desired by Mr. Loombe may be obtained. If it may be obtained, the Department is respectfully requested to communicate with the banks listed accordingly.

Respectfully yours,



William S. Farrell,
Chargé d'Affaires ad interim.

✓
Enclosure:

Copy of letter dated May 5, 1942
from C.E. Loombe of the Iraq Exchange
Control Committee.

File no. 851.51

FW/gkm

C O P Y

OFFICE OF THE
EXCHANGE CONTROL COMMITTEE
BAGHDAD

5th May 1942

Private &
Confidential.

Dear Mr. Farrell,

Surrender of U.S. Dollars.

With the help of Censor Intercepts, I have recently discovered two or three cases of residents of Iraq who have failed to surrender their Dollar balance holdings and as I feel that these may not be the only cases I was wondering whether you would consider writing to the State Department to ask the following banks to render a list of accounts maintained by them in the name of Iraq residents:-

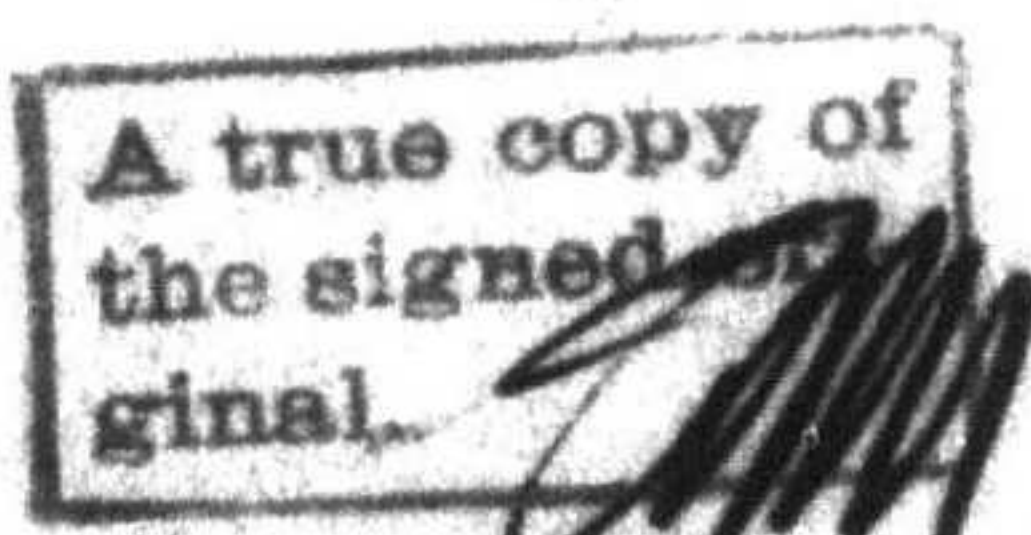
National City Bank of New York, New York.
Guaranty Trust Company of New York.
Bank of Manhattan, New York.
Brown Brothers, Harriman & Co., New York
Chase National Bank of the City of New York
J. Henry Schroder Banking Corporation.

2. The banks in question would probably not be prepared to divulge this information to the Control direct but no doubt there would be little difficulty in securing this list from the State Department and for that reason I am troubling you rather than writing to the individual banks direct.

Yours sincerely,

Sgd. C. E. Loombe

William S. Farrell, Esquire,
American Legation,
Baghdad.



No. 539

William S. Farrell, Esquire,
American Chargé d'Affaires ad interim,
Baghdad.

Sir:

Reference is made to the Legation's air mail despatch no. 1916 of May 13, 1942 enclosing a copy of a letter from C. E. Loombe, Secretary of the Iraq Exchange Control Committee, requesting this Department to ask various New York banks to supply the Department with a list of accounts maintained by such banks in the name of residents of Iraq. The Department does not consider it advisable to request such information from banks in the United States nor to ask the Treasury Department to make such an inquiry.

Very truly yours,

For the Secretary of State:

A. A. BIDDLE JR.

CR

JUN 15 1942 PM

890G.5151/19

GL
FD:GL:BM

6-13-42

NE
gpr

A true copy of
the signed orig-
inal

890G.5151/19

PS/SGB

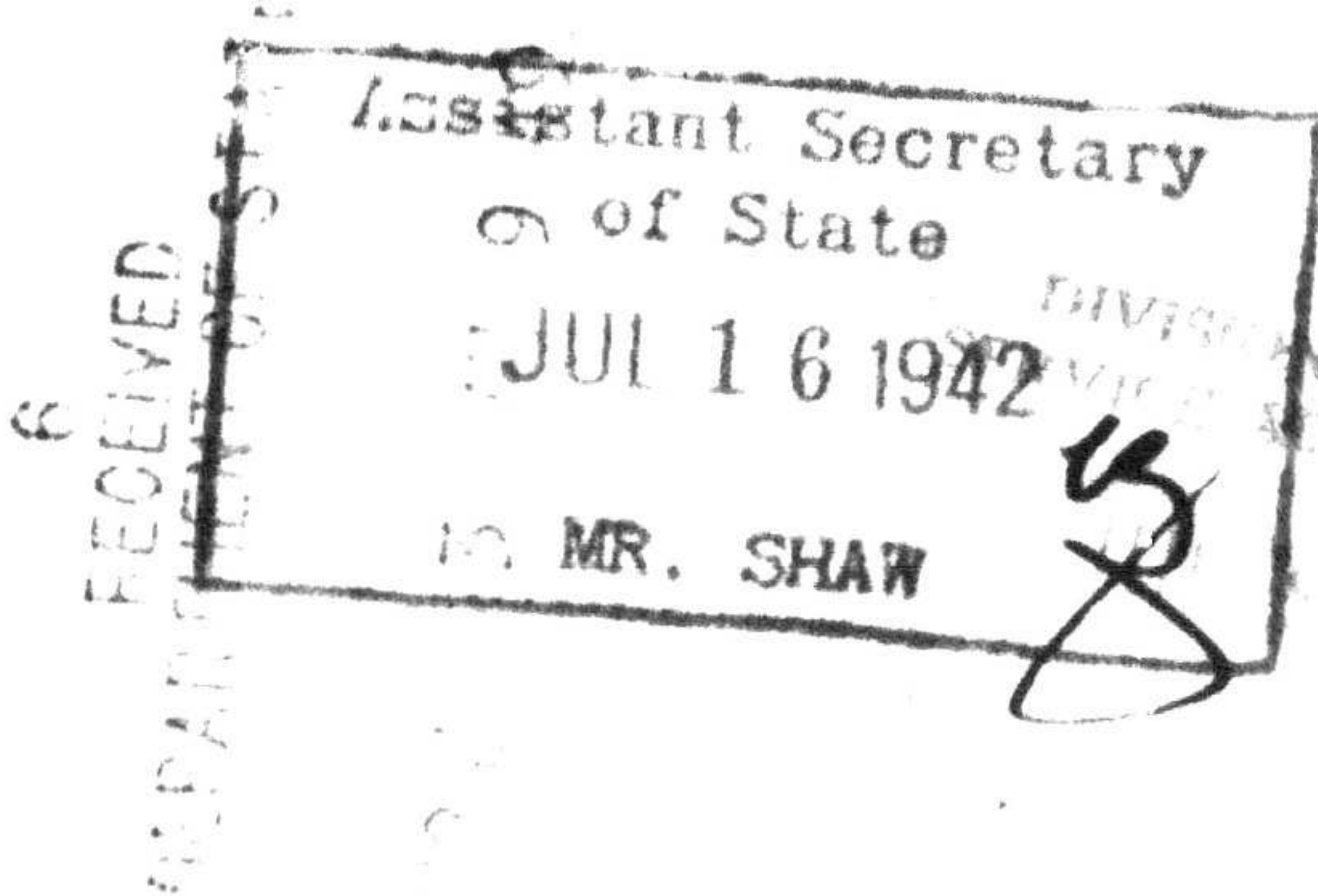


LEGATION OF THE
UNITED STATES OF AMERICA
Baghdad, Iraq, May 26, 1942

No. 1928

Subject: Exemption from Tax on Dollar Transactions.

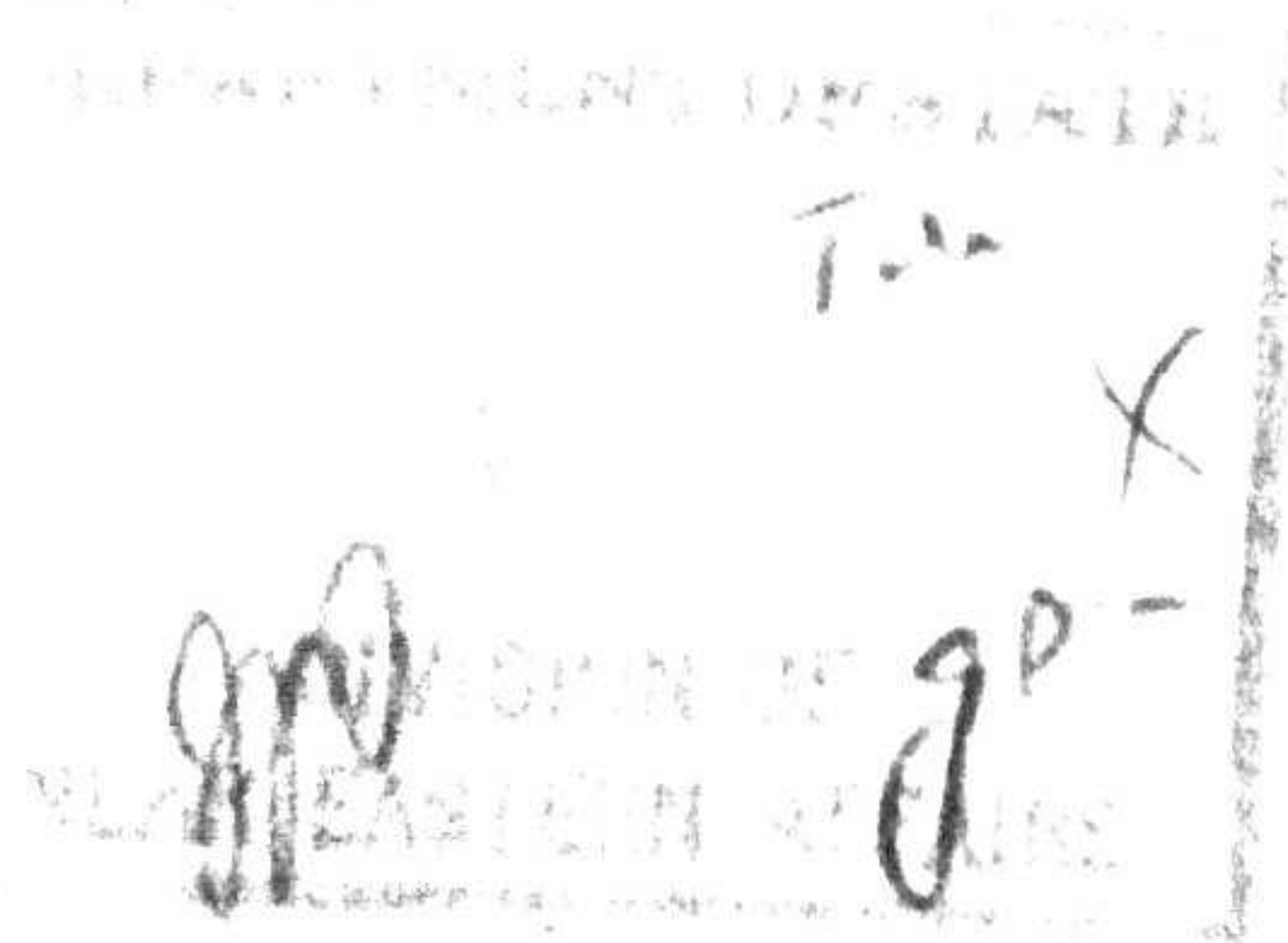
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Noted on Jan

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FOR DIST. FUT. AN - CHECK

Yes No

Sgt. to Trans.

A. B. C.

JUL 21 1942

8906.5151/20

FILED

JUL 21 1942

PS/LIC

COMMERCIAL AFFAIRS
Department of State

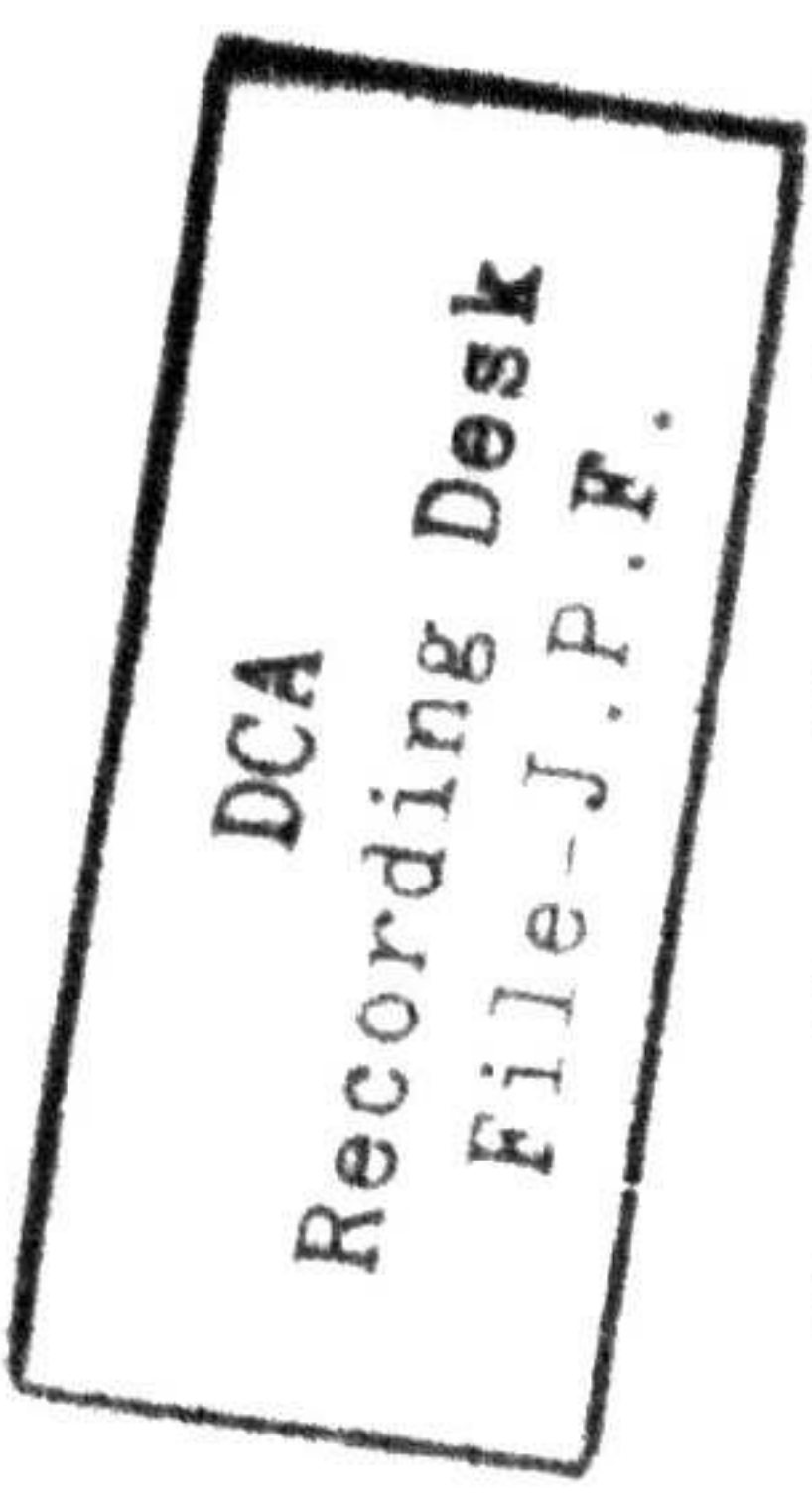
JUL 20 1942

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

8908.5151/14

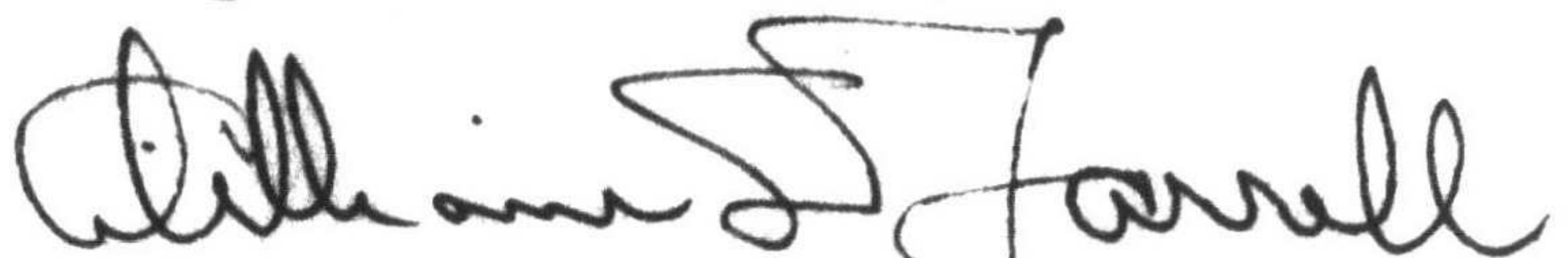
I have the honor to refer to the Legation's telegram no. 48 of February 25, 1942, to the Department's telegraphic reply no. 51 of March 2, 1942, and to my despatch no. 1852 of March 3, 1942 (File no. 851.51), dealing with the imposition by the Iraqi Exchange Control Committee of a transaction tax of 3 fils per dinar (0.3%), with a minimum of 50 fils, on sales and purchases of United States dollars and Swiss francs. Reference is also made to the Legation's telegram no.



✓ 8909.515/12
18 of January 23, 1942, regarding requirement of the Iraqi Ministry of Finance that all persons resident in Iraq should surrender against the dinar equivalent any holdings of United States dollars and Swiss francs within a period of fifteen days. It was pointed out in the latter telegram that American residents of Iraq were not affected by this regulation, but that for local political reasons such exemption could not be openly published.

Law No. 30 of 1942 Amending the Exchange Control Law No. 71 of 1941, published in the Official Gazette on May 21, 1942, now exempts from payment of the above-mentioned tax the financial transactions of foreign Governments and their representatives. The law also makes public the exemption of Swiss and American nationals from the requirement of surrendering their dollars and francs against the dinar equivalent. A copy of the new law is herewith enclosed.

Respectfully yours,



William S. FARRELL
Chargé d'Affaires ad interim

✓
Enclosure:

Copy of Law No. 30 of 1942
Amending the Exchange Control
Law No. 71 of 1941.

File no. 851.51
REG/jgb.

Enclosure to despatch no. 1928 of May 26, 1942, from the American Legation at Baghdad, Iraq.

C O P Y

CIRCULAR NO. 35

Office of the
Exchange Control Committee
Baghdad, 20th May 1942

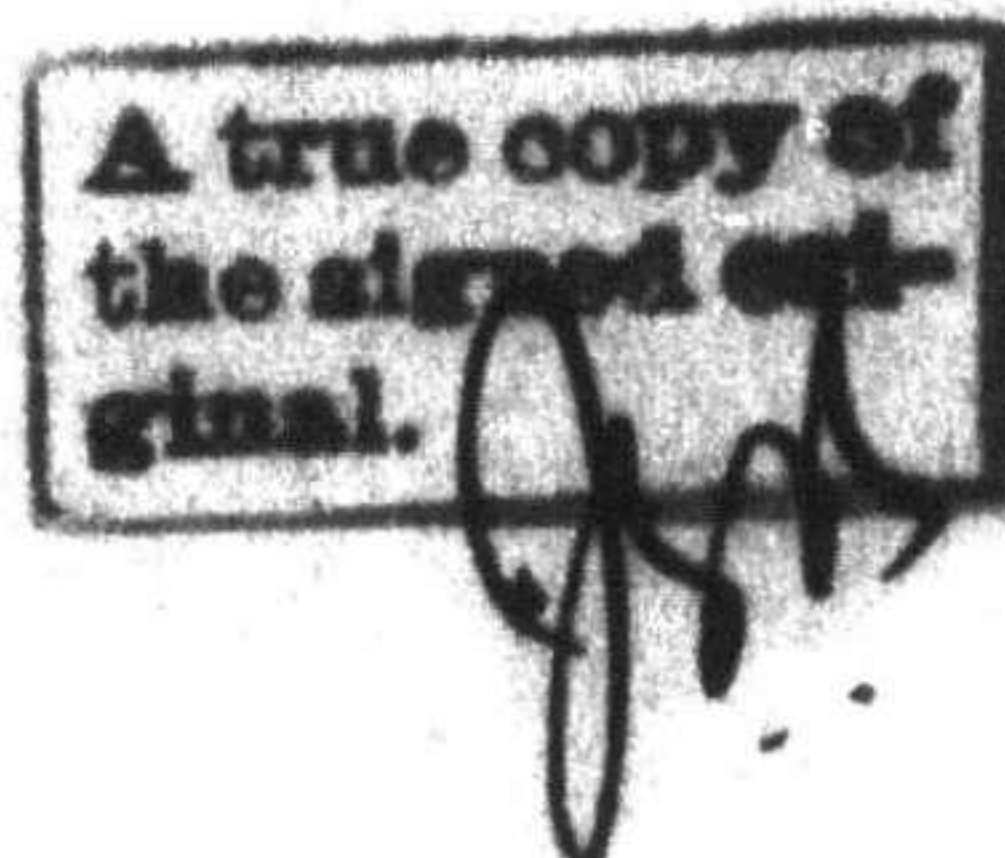
TO ALL LICENSED DEALERS

For the information of Licensed Dealers I enclose English translation of Law No. 30 of 1942 amending the Exchange Control Law No. 71 of 1941.

2. The addition to Article No. 7 exempts American and Swiss Nationals from complying with the Notification dated 20th January 1942 with regard to the surrender of U. S. Dollars and Swiss Francs.

3. The addition to Article 14 (c) exempts the transactions of foreign Governments or their representatives from the Exchange Control Tax of 3 Fils per dinar.

C. E. Loombe
Secretary
Exchange Control Committee



Law No. 30 of 1942 Amending the Exchange Control
Law No. 71 of 1941.

With the approval of the Senate and the Chamber of Deputies, I hereby order the promulgation of the following law:

Article 1 - The following sentence shall be added at the end of Article 7 of the law:

"The said orders shall not apply to the nationals of the countries to whose currencies such orders apply."

Article 2 - The following sentence shall be added at the end of Article 14 (c):

"The financial transactions of foreign Governments or their representatives shall be exempt from this tax."

Article 3 - Article 15 of the law is hereby repealed and the following substituted:

Article 15 (a) The Committee may impose a fine not exceeding 500 Dinars on anyone who contravenes the provisions of this law or the regulations or orders issued thereunder.

(b) The fines shall be collected from the sentenced person in accordance with the Law for the Collection of Debts Due to Government No. 43 of 1931, and if it is not possible to ensure collection owing to the said person not having properties, the Committee shall send him together with a copy of the decision to the Magistrate for substituting imprisonment for the fine and issuing a note of imprisonment for a period to be determined by the Court according to the condition of the sentenced person.

(c) The Committee may refer the offender to the Criminal Magistrate if it considers that the offence committed is so serious as to warrant the penalty of imprisonment.

(d) The Court on considering the case shall impose the penalty of imprisonment for a term not exceeding six months; it may also impose the fine penalty in addition to the penalty of imprisonment.

(e) Decisions issued by the Committee shall ~~at~~ the request of the sentenced person be liable to cassation at the Court of Cassation within 30 days from the date of notification.

(f) Decisions issued by the Criminal Courts shall at the request of the sentenced person or the Committee or both be liable to

cassation

cassation at the Court of Cassation within 30 days from the date of notification.

Article 4 - This law shall come into force from the date of its publication in the Official Gazette.

Article 5 - The Ministers of Finance and Justice are charged with the execution of this law.

Made at Baghdad this 24th day of Rabi' Athani, 1361 and the 11th day of May, 1942.

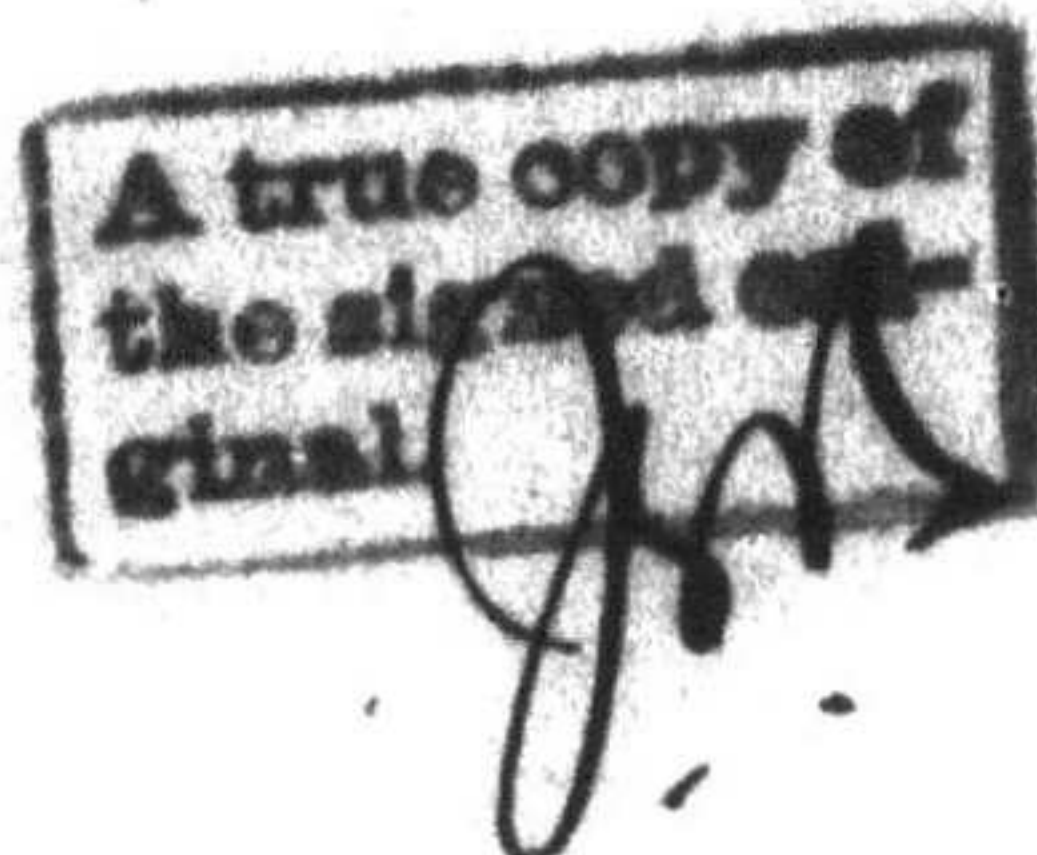
Abdul Ilah.

Nuri As-Said
Prime Minister

Ali Mumtaz
Minister of Finance

Daud Al Haidari
Minister of Justice

(published in the Waqayi' Al Iraqiyah No. 2028 dated 21.5.42).



8909.5151/21

PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

Department of State

Collect { Full rate
Day letter
Night letter

Charge Department:

Full rate
Day letter
Night letter

Charge to
\$

TO BE TRANSMITTED
SECRET
CONFIDENTIAL
☒ RESTRICTED
CLEAR
PARTIAL

Washington,

August 4, 1942

AMERICAN LEGATION,

BAGHDAD

149 8909.5151/21
Your 156, July 30, noon.

Department believes that Americans in Iraq should comply with the regulations to which you refer. Inform Iraqi Government that Americans having diplomatic status will comply in a spirit of good will and without prejudice to diplomatic privileges and immunities.

Hull
Tul

CR
AUG 4 1942 PM

NE:GPM:RED

Enciphered by

Sent by operator M., 19

DIVISION OF
COMMUNICATIONS
AND RECORDS

1942 AUG 4 PM 8 39

RECEIVED
DEPARTMENT OF STATE

8909.5151/21

PS/FPJ

GPM

DEPARTMENT OF STATE

FINANCIAL DIVISION

JULY 31, 1942

NE -

The order by the Exchange Control Committee requiring registration of dollar and sterling currency holdings by residents of Iraq would appear to FD to be a legitimate exercise of police power in this field. We ourselves have required extremely probing and detailed reports of property of all sorts held in the United States by foreigners. We have also encouraged the American republics to compel all residents therein to turn in dollar currency holdings in exchange for local currency. These measures were taken pursuant to our efforts to prevent disposition by the Axis of looted dollar currency. The measure contemplated by Iraq may be of future assistance to us in this regard.

So far as FD is concerned it would be content to reply "Department believes that Americans in Iraq should comply with order under reference". Those divisions of the Department charged with such matters may, however, wish to instruct the Embassy to re-request exemptions in favor of those Americans in Iraq who possess diplomatic status or alternatively may wish to have the Legation inform the Government of Iraq that compliance by Americans possessing diplomatic status is done in a spirit of good will and without prejudice with respect to diplomatic privileges and immunities. FD doubts the advisability of attempting to obtain special exemption for those possessing diplomatic status.

FD:GL:ME

TELEGRAM RECEIVED

MEC

This telegram must be paraphrased before being communicated to anyone other than a Governmental agency. (BR)

Baghdad

FROM

Dated July 30, 1942

Rec'd 4:42 p.m.

Secretary of State,

Washington.

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS

AUG - 5 1942

DEPARTMENT OF STATE

DEPARTMENT OF STATE
JUL 31 1942
DIVISION OF
NEAR EASTERN AFFAIRS

FINANCIAL DIVISION
JUL 31 1942

DEPARTMENT OF STATE

156, July 30, Noon.

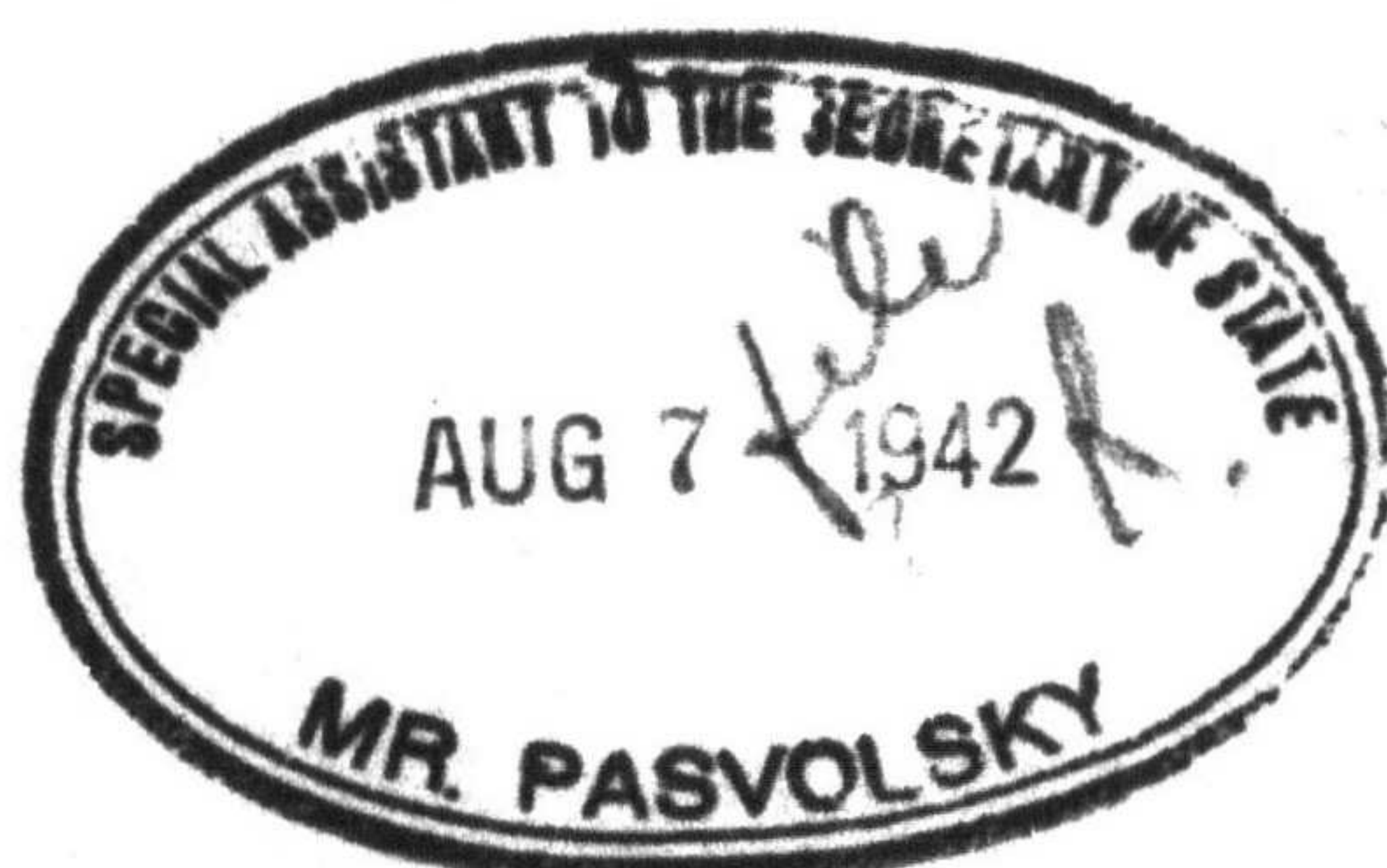
Legation's 48, February 25, 4 p.m.

Exchange Control Committee in order to control

illicit dealings in dollar and Bank of England notes has issued circular requiring all holders of such notes including those privately held by Legation personnel to register them within 21 days after July 25. Regulation does not (repeat not) apply to official Legation or Consulate holdings nor to personnel of Military Mission. If Department perceives no other ground for objection than argument contained in Department's No. 51 of March 2, 11 p.m., namely discrimination, I would not (repeat not) recommend protest.

FARRELL

JRL



890G.5151/21

PS/LMB

FILED

AUG 10 1942



EMBASSY OF THE
UNITED STATES OF AMERICA
London, England, December 8, 1942

No. 6621

1942 DEC 29 PM 3 56

BY AIR POUCH

DIVISION OF
Economic Warfare (Intelligence) Series No. 586
AND RECORDS

Subject: Transmitting copies of correspondence between the American Legation, Baghdad, and this Embassy regarding a report on the working of Exchange Control for the quarter ending June 30, 1942.

DEPARTMENT OF STATE

DIVISION OF
NEAR EASTERN AFFAIRS

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington, D.C.

Sir:

I have the honor to transmit a copy of a note received by this Embassy from the American Legation at Baghdad, dated October 22, 1942, enclosing a report sent to the Department on the working of Exchange Control for the quarter ending June 30, 1942.

A copy of the communication sent by this Embassy in reply to Baghdad is enclosed.

Respectfully yours,
For the Ambassador:

Division of
Defense Materials

FEB 24 1943

Department of State

WAG/OL.

File No. 711.3.

Ware Adams

Second Secretary of Embassy

Enclosures:

- 1) Copy of a note from the American Legation, Baghdad, dated October 22, 1942 regarding a report on the working of Exchange Control for the quarter ending June 30, 1942.
- 2) Copy of Embassy's reply to Baghdad, dated December 8, 1942.

Assistant Secretary
of State

JAN 21 1943

MR. ACHESON

Distribution by Embassy, London:

Enclosures only:

- 1) Blockade and Supply Branch, Board of Economic Warfare, Washington (separately via air pouch)

Suggested distribution by Department:

- 1) The Treasury, Washington.

DEPARTMENT OF STATE

OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS

JAN 19 1943

DEPARTMENT OF STATE

Distribution Instructions

Rating
Class
for

Dist to Bureau & Treasury
1/31 12/30

DIVISION OF
RESEARCH
FEB 8 1943
DEPARTMENT OF STATE

FOREIGN FUNDS CONTROL DIVISION

JAN 14 1943

DEPARTMENT OF STATE

MAR 3 1943

8906.5151/22

PS/MC

Enclosure No.1 to despatch No.6621 dated December 8, 1942

COPY:

LEGATION OF THE UNITED
STATES OF AMERICA.

The American Legation at Baghdad presents its compliments to the Embassy at London and would appreciate an indication as to whether the Embassy is interested in receiving further exchange control information about Iraq, a member of the sterling bloc, of a type similar to the enclosed report.

Enclosure:
Report stated.

Baghdad, October 22, 1942.

Enclosure No.2. to despatch No.6621 dated December 8, 1942

COPY:

AMERICAN EMBASSY,
Economic Warfare Division,
40 Berkeley Square, London,
W. 1.

December 8, 1942.

The American Embassy at London presents its compliments to the American Legation at Baghdad, and acknowledges the receipt of a copy of the Legation's despatch No.27 of October 20, 1942 to the Department transmitting a report on the working of Exchange Control for the quarter ending June 30, 1942.

The Economic Warfare Division of this Embassy finds this information of value to it, and would appreciate continuing to receive similar reports on monetary and exchange control matters.

EAG/CL.



LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, Iraq, July 28, 1943.

No. 386

Subject: Transmission of Statements Showing Iraqi Sales and Purchases of Dollars and Swiss Francs, and Dollar Balances Held by Iraq for the Month of June, 1943.

OFFICE OF THE ADVISER IN
INTERNATIONAL ECONOMIC AFFAIRS

AUG 25 1943

DEPARTMENT OF STATE

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FAB

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102-1/6726a

CONFIDENTIAL

The Honorable

The Secretary of State, AUG 25 1943
Washington, D.C.

Sir:

I have the honor to refer to the Department's mimeographed instruction of July 15, 1942 (File No. 102.11/6726a) regarding certain financial information desired periodically by the Treasury Department and to forward herewith statements showing Iraqi sales and purchases of United States dollars and Swiss francs, and dollar balances held by Iraq, for the month of June, 1943. These statements have been supplied to the Legation by Mr. C. E. LOOMBE, British Secretary of the Iraqi Exchange Control Committee.

Respectfully yours,

Thomas M. Wilson
Thomas M. Wilson

Enclosure:

As stated.

File No. 851.51
REG/efg.

Copy to: American Embassy, London.

Office of the Chief Clerk
PHOTOGRAPHIC SECTION

AUG 22 1943

Department of State

FOREIGN FUNDS CONTROL DIVISION

SEP 3 1943

DEPARTMENT OF STATE

FINANCIAL DIVISION
AUG 25 1943
DEPARTMENT OF STATE

RECEIVED A.R.
DEPARTMENT OF STATE

DIVISION OF EXCHANGES
AND REQUIREMENTS

WH

8906.5151/23

PS/ERW

CLASSIFICATION OF PAYMENT FOR IMPORTS
ETC., FOR THE MONTH OF JUNE,
1943

(U. S. DOLLARS)

	<u>U.S.Dollars</u>	<u>Total</u>
1. <u>Imports</u>		
(a) Food, drink & tobacco	-	
(b) Raw materials & articles mainly unmanufactured	-	
(c) Articles wholly or mainly manufactured	* 137,465.18	
(d) Animals, not for food	-	137,465.18
2. <u>Other Payments</u>		
(a) Transport & handling charges in connection with movement of goods	-	
(b) Agency & advertising Expenses	-	
(c) Insurance	-	
(d) Royalties	7,161.44	
(e) Investment & interest	-	
(f) Payment in respect of persons resident abroad	91,507.74	
 <u>This amount is made up as follows</u>		
Expenses in connection with Iraqi Legation at Washington	\$5,205.00	
Payment to the Iraqi Military Attaché on his departure to Washington	3,000.00	
Payment on account of acquiring a building for the Iraqi Legation at Washington	80,300.00	
Sundry other payments to persons resident abroad	3,002.74	
	<u>\$91,507.74</u>	
(g) Personal travel	150.00	
(h) Miscellaneous	516.38	99,335.56
	<u>Grand total</u>	<u>236,800.74</u>

* \$31,789.30 of which represent payment for goods of Swiss origin.

U. S. DOLLAR FIGURES FOR JUNE, 1943
(Figures cabled by American Cor-
respondents of Licensed
Dealers)

a) Total receipts of U. S. Dollars
during the month by Licensed
Dealers, other than Dollars
bought from Bank of England

Ottoman Bank	U.S.\$	109,239.81
Eastern Bank, Ltd.	"	64,560.55
Imperial Bank of Iran	"	89,420.95
	U.S.\$	<u>263,221.31</u>

b) Total amount of Dollars sold
by Licensed Dealers during the
month to the Bank of England

Ottoman Bank	"	130,000.00
--------------	---	------------

c) Total amount of Dollars bought
by Licensed Dealers from the
Bank of England

N I L

d) Total balances held at the end
of the month.

Ottoman Bank	U.S.\$.	315,010.37
Eastern Bank, Ltd.	"	327,276.89
Imperial Bank of Iran	"	227,266.48
	U.S.\$	<u>869,553.74</u>

CLASSIFICATION OF PAYMENTS FOR IMPORTS, ETC.,
FOR THE MONTH OF JUNE, 1943

	<u>(Swiss Francs)</u>	
	<u>Swiss Francs</u>	<u>Total</u>
1. <u>Imports</u>		
(a) Food, drink & tobacco	-	
(b) Raw materials & articles mainly unmanufactured	-	
(c) Articles wholly or mainly manufactured	-	
(d) Animals, not for food	-	-
2. <u>Other Payments</u>		
(a) Transport & handling charges in connection with movement of goods	-	
(b) Agency & advertising expenses	-	
(c) Insurance	-	
(d) Royalties	-	
(e) Investment & interest	-	
(f) Payment in respect of persons resident abroad	2,572.50	
(g) Personal travel	-	
(h) Miscellaneous	14.00	2,586.50
	<u>Grand total</u>	<u>2,586.50</u>

CROSS-REFERENCE FILE

NOTE

SUBJECT

Report of working of Iraqi exchange Control for
Quarter ended March 30, 1943: Transmits - and in-
forms concerning import and export of gold from Kuwait, Dub
Dubai and Bahrein.

rbs

For the original paper from which reference is taken

See Desp. #393

(Despatch, telegram, instruction, letter, etc.)

Dated August 3, 1943

From Iraq
To Wilson

File No. 102.1/8948

890G.5151/24

PS/ERW

K2



LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, Iraq, August 24, 1943.

No. 427

Subject: Transmission of Statements Showing Iraqi Sales and Purchases of Dollars and Swiss Francs, and Dollar Balances Held by Iraq for the Month of July, 1943.

CONFIDENTIAL

The Honorable
The Secretary of State,
Washington, D.C.

FINANCIAL DIVISION
SEP 1 1943
DEPARTMENT OF STATE

Sir:

I have the honor to refer to the Department's mimeographed instruction of July 15, 1942 (File No. 102.11/67a6a) regarding certain financial information desired periodically by the Treasury Department and to forward herewith statements showing Iraq sales and purchases of United States dollars and Swiss francs, and dollar balances held by Iraq, for the month of July, 1943. These statements have been supplied to the Legation by Mr. C. E. LOOMBE, British Secretary of the Iraqi Exchange Control Committee.

Respectfully yours,

Thomas M. Wilson.

Enclosure:

As stated.

File No. 851.51
REG/efg.

Copy to: American Embassy, London.

To Department in original and hectograph.

Hecto sent to DCA

8906.5151/25

PS/ERW

CLASSIFICATION OF PAYMENTS IN SWISS FRANCS
FOR IMPORTS, ETC., FOR THE MONTH OF
JULY 1943

(SWISS FRANCS)

	<u>(Swiss Francs)</u>	<u>Total</u>
1. <u>Imports</u>		
(a) Food, drink & tobacco	-	
(b) Raw materials & articles mainly manufactured	-	
(c) Articles wholly or mainly manufactured	-	
(d) Animals, not for food	-	-
2. <u>Other Payments</u>		
(a) Transport & handling charges in connection with movement of goods	-	
(b) Agency & advertising expenses	-	
(c) Insurance	-	
(d) Royalties	-	
(e) Investment & interest	-	
(f) Payment in respect of persons resident abroad	* 53,165.00	
(g) Personal travel	-	
(h) Miscellaneous	-	53,165.00
	<u>Grand total</u>	<u>53,165.00</u>

* Swiss francs 51,450.00 of which represent payment on account of rent, etc., of the Royal Iraqi Legation, Berlin, for the years 1941, 1942 and 1943.

A true copy of
the signed ori-

CLASSIFICATION OF PAYMENT IN DOLLARS FOR IM-
PORTS, ETC., FOR THE MONTH OF JULY, 1943

	(U.S. DOLLARS)	
	<u>U.S. Dollars</u>	<u>Total</u>
1. Imports		
(a) Food, drink & tobacco	-	
(b) Raw materials & articles mainly unmanufactured	-	
(c) Articles wholly or mainly manufactured	* 130,303.87	
(d) Animals, not for food	<u>-</u>	130,303.87
2. Other Payments		
(a) Transport & handling charges in connection with movement of goods	11.50	
(b) Agency & advertising ex- penses	-	
(c) Insurance	273.99	
(d) Royalties	36,622.60	
(e) Investment & Interest	-	
(f) Payment in respect of persons resident abroad	10,928.98	
<u>This amount is made up as follows:</u>		
Expenses in connection with Iraqi Legation at Washington \$ 5,200.00		
Sundry other payments to persons resident abroad		
	<u>5,728.98</u>	
	<u>\$10,928.98</u>	
(g) Personal travel	-	
(h) Miscellaneous	513.70	48,350.77
	<u>Grand total</u>	<u>178,654.64</u>

* \$10,323.05 of which represent payment for goods of Swiss origin.

U.S. DOLLAR FIGURES FOR JULY, 1943
(Figures Cabled by American Cor-
respondents of Licensed Dealers)

a) Total receipts of U. S. Dollars
during the month by Licensed
Dealers, other than dollars
bought from Bank of England

Ottoman Bank	U.S.\$	123,457.83
Eastern Bank, Ltd.	"	74,675.14
Imperial Bank of Iran	"	<u>146,514.40</u>
	U.S.\$	344,647.37

b) Total amount of Dollars sold
by Licensed Dealers during the
month to the Bank of England

N I L

c) Total amount of Dollars bought
by Licensed Dealers from the
Bank of England.

N I L

d) Total balances held at the end
of the month

Ottoman Bank	U.S.\$	413,387.49
Eastern Bank, Ltd.	"	327.435.45
Imperial Bank of Iran	"	<u>347,751.49</u>
	"	1,088,574.43

Exchange Control Department,
Bank of England,
London.

(Sgd) C. E. LOOMBE
Secretary,
Exchange Control Committee,
Baghdad.

A true copy of
the signed ori-



LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, September 25, 1943.

Strictly Confidential

No. 468

Subject: Baghdad Gold and Silver Market, August 29-
September 11, 1943.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to the Legation's
despatch no. 458 of September 17, 1943, forwarding
the Iraqi Exchange Control Committee's reports on
the Baghdad gold and silver market from August 15
to August 28, 1943, and to forward herewith the
Committee's reports covering the period August 29-
September 11, 1943. In this connection reference is
also made to the Legation's despatch no. 462 of
September 19, 1943, regarding Anglo-American gold
sales in Iraq from August 5, 1943 to September 17,
1943.

Respectfully yours,

Daniel Gaudin, jr.

Daniel Gaudin, jr.
Chargé d'Affaires ad interim

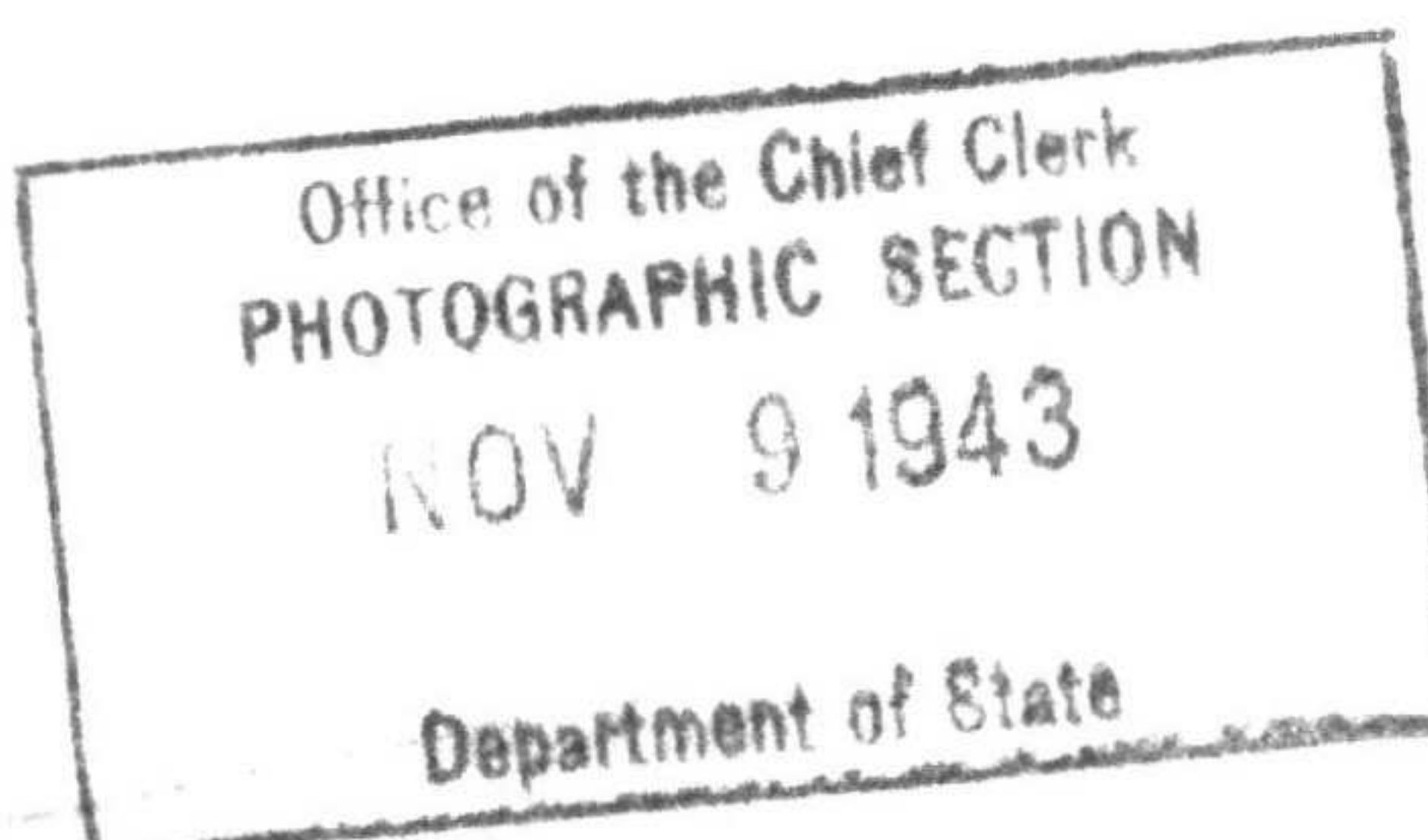
File No. 851.51
REG:mph

Enclosure: *OK*

Report described.

Copy to:

American Legation, London.



8906.5151/26

FILED

PS/LF

Enclosure to despatch no. 458 of September 25, 1943 from the American Legation, Baghdad.

Office of the
Exchange Control Committee
Baghdad, 6th Sept. 1943

WEEKLY GOLD & SILVER REPORT

P R I C E S

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
August 29	I.D. 4.750	45 Fils per Mithkal
30	4.730	45
31	4.800	45
Sept. 1	4.500	43
2	4.620	43
3	4.520	44
4	4.600	44

REMARKS:

The price of the sovereign on the 28th August closed round about ID. 4.670 and according to bazar reports the rise during the early part of the week under review was due to demand from Persia, but on September 1st it was reported that the price in Persia had dropped. The fall on the 3rd was due to the news of the Allied landing in Italy and also to an article published in the local press to the effect that the banks in Syria were selling large quantities of sovereigns. The week ended firm owing once again to reported demand from Persia. The price of silver kept in sympathy with the price of gold. Bombay prices on 5th Sept. were:-

Gold	Rs. 70- 6-0
Sovereigns	50-15-0
Silver	115- 8-0

Office of the
Exchange Control Committee
Baghdad, 13th Sept. 1943

WEEKLY GOLD & SILVER REPORT:

P R I C E S

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
Sept. 5	ID. 4.700	44 Fils per Mithkal.
6	4.690	44
7	4.670	44
8	4.580	44
9	4.150	41
10	4.330	44
11	4.480	44

REMARKS:

The week opened with many rumours such as a landing in France but the market remained relatively firm until the 9th when with the news of the surrender of Italy the price dropped to 4.150. The opinion in the market seemed to be that the price would have dropped even lower but was kept up by purchases made by some forward sellers. On Friday the 10th there was a considerable amount of speculative business and the week closed moderately firm. Bombay prices on 13.9.43 were:-

Sovereigns	Rs. 52/-
Silver	Not received.

GOLD & SILVER - PAST QUOTATIONS.

		<u>Gold Sovereigns</u>	<u>Silver</u>
		<u>m.</u>	<u>Fils per Mithkal.</u>
December	1939	2.031	16 1/2
"	1940	2.454	16
"	1941	3.421	24
March	1942	4.283	27
June	"	4.373	28
Sept.	"	4.795	38
Dec.	"	4.853	43
January	1943	4.940	50
February	"	5.050	52
March	"	5.420	50 1/4
April	"	5.580	48
May	"	6.510	49
June	"	5.900	49
July	"	5.030	45
August	"	4.800	45



OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
NOV - 2 1943

DEPARTMENT OF STATE

LEGATION OF THE

UNITED STATES OF AMERICA

Baghdad, September 27, 1943.

~~RD~~
~~DEPT~~
~~NE~~
~~CA~~

No. 473

FINANCIAL DIVISION

OCT 16 1943

DEPARTMENT OF STATE

STRICTLY CONFIDENTIAL

Subject: Baghdad Gold and Silver Market, September 12 to 18, 1943.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to the Legation's despatch no. 468 of September 25, 1943, forwarding the Iraqi Exchange Control Committee's reports on the Baghdad gold and silver market for the period August 9-September 11, 1943, and to forward herewith the report covering the period September 12 to 18, 1943.

Respectfully yours,

Daniel Gaudin, jr.
Daniel Gaudin, jr.
Chargé d'Affaires ad interim

File no. 851.51
REG/deb

Enclosure:

✓ Copy of report,
as stated.

To the Department in original and hectograph.
Copy to:
American Embassy, London.

Hecto sent to DCA

(encl in hcto also)

8906.5151/27

NOV 4 - 1943

FILED

PS/HWL

DE

COMMUNICATIONS
DIVISION
OCT 1 1943
TO
10/28
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DOA
Recording Desk
File-J.P.F.

RECEIVED
DEPARTMENT OF STATE
OCT 13 1943

(Enclosure to despatch no. 473 of September 27, 1943
from American Legation, Baghdad.)

(COPY)

WEEKLY GOLD & SILVER REPORT

Office of the
Exchange Control Committee
Baghdad, 20th September 1943.

P R I C E S.

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
Sept. 12	ID.4.600	44 Fils per Mithkal.
13	4.560	44
14	4.500	44
15	4.560	45
16	4.650	45
17	4.600	45
18	4.650	45

Remarks.

The market maintained firm during the week and particular interest was shown in the purchase of bar gold which the Eastern Bank, is reported to be selling. The demand is stated to be strong owing to the fact that goldsmiths are heavy buyers for the purpose of making ornaments for agriculturists whom it is stated are now turning to gold as a form of investment. As yet however the authenticity of this information cannot be substantiated as with the approaching festivals the demand for gold ornaments would normally be greater. There are less reports of inter-territorial smuggling particularly between Iraq and Iran but it is understood that the price in Syria is still sufficiently high to make smuggling a profitable undertaking. The price of silver remained firm during the week and closed with an upward tendency. The price of the sovereign in Bombay on 17th September was Rs.51-13-0.

GOLD & SILVER - PAST QUOTATIONS

		<u>Gold Sovereigns</u>	<u>Silver</u>
		<u>ID.</u>	<u>Fils per Mithkal</u>
December	1939	2.031	16-1/2
"	1940	2.454	16
"	1941	3.421	24
March	1942	4.283	27
June	"	4.373	28
Sept.	"	4.795	38
Dec.	"	4.853	43
January	1943	4.940	50
February	"	5.050	53
March	"	5.420	50-1/4
April	"	5.580	48
May	"	6.510	49
June	"	5.900	49
July	"	5.030	45
August	"	4.800	45



LEGATION OF THE
UNITED STATES OF AMERICA
Baghdad, October 11, 1943.

No. 488

INVESTIGATIVE DIVISION

RECEIVED
DEPARTMENT OF STATE
13

206
Strictly Confidential

Subject: Baghdad Gold and Silver Market, September
1943 OCT 22 PM 22
to 25, 1943.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

27
I have the honor to refer to the Legation's des-
patch no. 473 of September 27, 1943, forwarding the
Iraqi Exchange Control Committee's reports on the
Baghdad gold and silver market for the period September
12 to 18, 1943, and to forward herewith the report
covering the period September 19 to 25, 1943.

Respectfully yours,

Daniel Gaudin, jr.
Daniel Gaudin, jr.
Chargé d'Affaires ad interim.

File no. 851.51
DCB/-

Enclosure:

✓
Copy of report,
as stated.

Hecto sent to DCA

To the Department in original and hectograph.
Copy to:
American Embassy, London.

8909.5151/28

PS/TL

DE

(Enclosure to despatch no. 488 of October 11, 1943
from American Legation, Baghdad.)

(COPY)

Office of the
Exchange Control Committee
Baghdad, 27th September 1943.

WEEKLY GOLD AND SILVER REPORT.

P R I C E S.

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
Sept. 19	ID. 4.670	45 Fils per mithka
20	4.610	45
21	4.640	45
22	4.610	45
23	4.630	45
24	4.620	45
25	4.610	45

REMARKS.

Market remained steady and firm throughout the week and there is little to report. The demand for bar gold still appears to be strong owing to increased purchases by goldsmiths. As previously indicated the smuggling of gold between Iraq and neighboring countries appears to be considerably less with more even prices ruling throughout the Middle East countries.

Silver at 45 fils per Mithkal remained unchanged during the week. The sovereign price in Bombay on 25th September was Rs. 54-3-0.

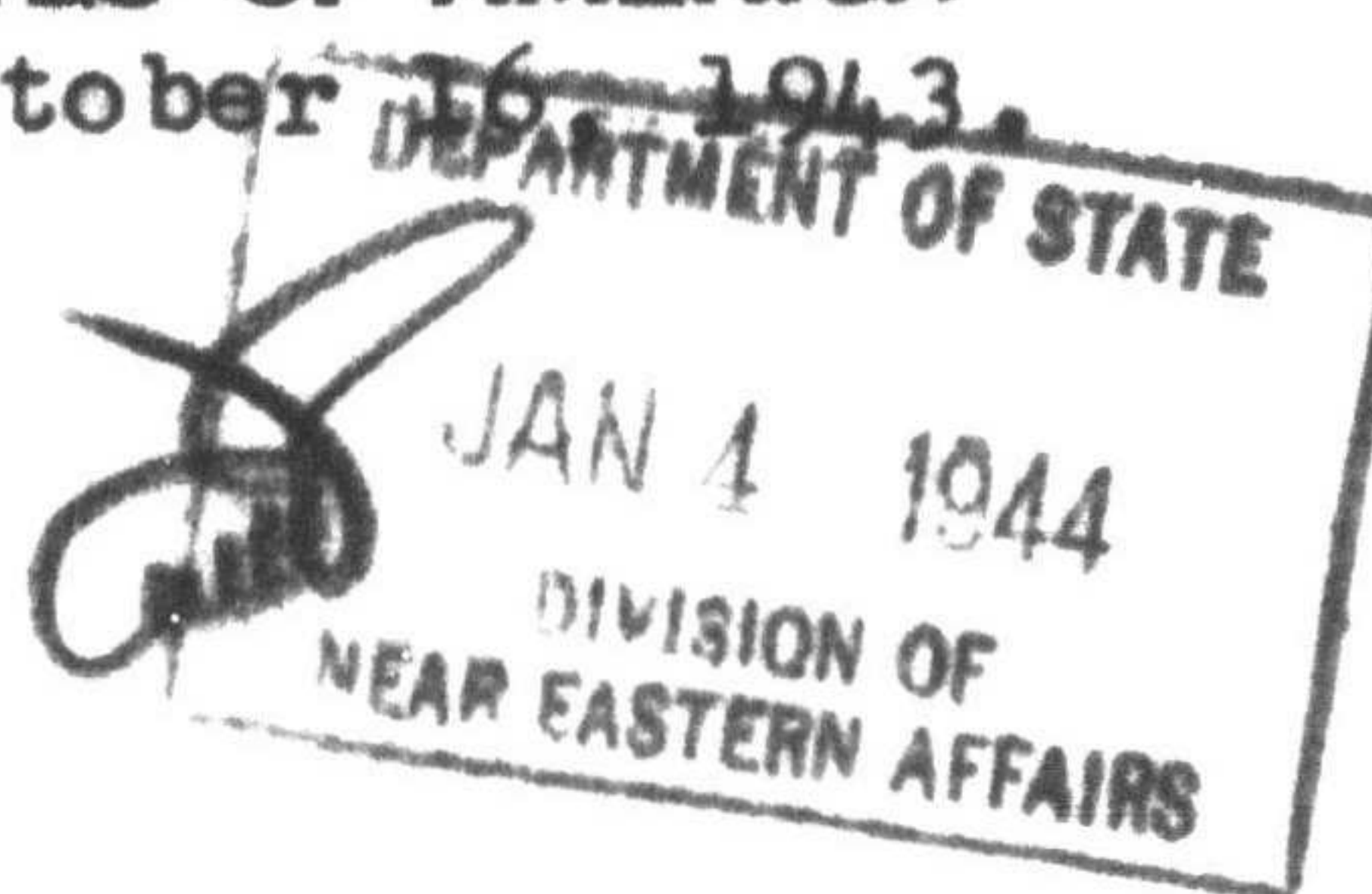
GOLD & SILVER - PAST QUOTATIONS.

	<u>Gold Sovereigns</u> <u>ID.</u>	<u>Silver</u> <u>Fils per Mithkal</u>
December 1939	2.031	16-1/2
" 1940	2.454	16
" 1941	v 3.421	24
March 1942	4.283	27
June "	4.373	28
Sept. "	4.795	38
Dec. "	4.853	43
January 1943	4.940	50
February "	5.050	52
March "	5.420	50-1/4
April "	5.580	48
May "	6.510	49
June "	5.900	49
July "	5.030	45
August "	4.800	45



LEGATION OF THE
UNITED STATES OF AMERICA
Baghdad, October 16, 1943.

No. 492



Strictly Confidential.

RECEIVED
DEPARTMENT OF STATE
13 NOV 12 PM 3 01
Subject: Baghdad Gold and Silver Market, September 26 to October 2, 1943.
The Honorable
The Secretary of State,
Washington, D. C.
Sir

8909.5151
I have the honor to refer to the Legation's despatch no. 488 of October 11, 1943, forwarding the Iraqi Exchange Control Committee's reports on the Baghdad gold and silver market for the period September 19 to 25, 1943, and to forward herewith the report covering the period September 26 to October 2, 1943.

Respectfully yours,

Daniel Gaudin, jr.
Daniel Gaudin, jr.
Chargé d'Affaires ad interim

File no. 851.51
DCB/-

Enclosure:

Copy of report, as stated.

Hecto sent to DCA

To the Department in original and hectograph.
Copy to:
American Embassy, London.

FINANCIAL DIVISION
NOV 15 1943
DEPARTMENT OF STATE

8909.5151/29

JAN 7 - 1944

FILED PS/MUN

DE

(Enclosure to despatch no. 492 of October 16, 1943 from American Legation, Baghdad.)

(COPY)

WEEKLY GOLD AND SILVER REPORT.

P R I C E S.

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
Sept. 26	ID.4.650	45 Fils per Mithkal.
27	4.600	45
28	4.630	45
29	4.610	45
30	4.620	47-1/2
Oct. 1	4.620	47-1/2
2	4.620	47-1/2

Remarks.

The prices given above are the lowest market prices ruling during the week. The banks were closed on the 30th September and 1st October and owing to the Id feast it was in general a public holiday from Thursday the 30th to Sunday the 3rd. On the 26th September there was a rumour to the effect that Russia had attacked Turkey and the price of the sovereign jumped to ID.4.750 but the rumour was soon discredited and the price came to ID. 4.650. On the 29th September it was reported that the price in Persia of the sovereign had fallen to about ID. 4.400 and if this is correct efforts will be made to smuggle gold from Persia to Iraq.

The increase in the price of silver is attributed to increased demand by ~~silver~~miths as purchases of silver ornaments are normally greater at the time of feasts.

The latest available sovereign price in Bombay is for the 29th September when it was Rs. 53-12-0.

GOLD AND SILVER - PAST QUOTATIONS

	<u>Gold Sovereigns</u> <u>ID.</u>	<u>Silver</u> <u>Fils per Mithkal</u>
December 1939	2.031	16-1/2
" 1940	2.454	16
" 1941	3.421	24
March 1942	4.283	27
June "	4.373	28
Sept. "	4.795	38
Dec. "	4.853	43
January 1943	4.940	50
February "	5.050	52
March "	5.420	50-1/4
April "	5.580	48
May "	6.500	49
June "	5.900	49
July "	5.030	45
August "	4.800	45
September "	4.620	47-1/2

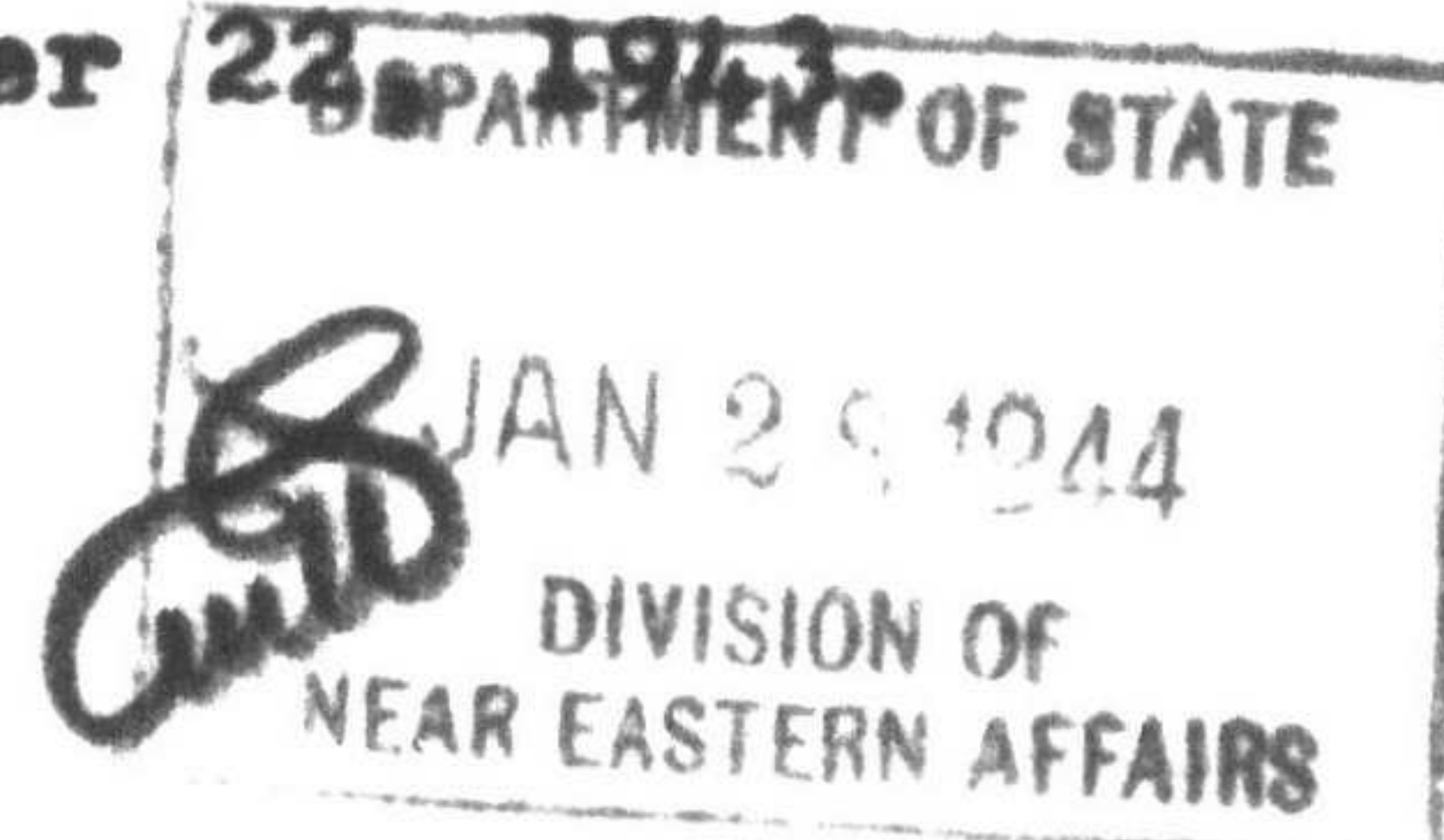


6
RECEIVED LEGATION OF THE
DEPARTMENT OF STATE
UNITED STATES OF AMERICA
Baghdad, December 22, 1943

1944 JAN 8 AM 10 09

No. 48

CONFIDENTIAL DIVISION OF
COMMUNICATIONS
AND RECORDS



Subject: Baghdad Gold and Silver Market, October and
November, 1943.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to refer to the Legation's
despatch no. 492 of October 11, 1943, forwarding the
Iraqi Exchange Control Committee's reports on the
Baghdad gold and silver market for the period September
26 to October 2, 1943, and to forward herewith the
reports covering the months of October and November,
1943. It will be noted that these reports will
henceforth be issued on a monthly rather than weekly
basis.

Respectfully yours,

Loy W. Henderson
Loy W. Henderson

File no. 851.51
DCB/-

Enclosures:

1. Gold and silver report
for October, 1943.
2. Gold and silver report
for November, 1943.

To the Department in original and hectograph.
Copies to:

American Embassy, London.
U. S. Treasury Representative, c/o American
Legation, Cairo.

Hecto sent to DCA

FINANCIAL DIVISION
JAN 11 1944
DEPARTMENT OF STATE

FEB 23 1944

FILED

890G.5151/30

PS/HWL

Enclosure no. 1 to
Despatch no. 48 of
December 22, 1943 from
American Legation,
Baghdad.

(COPY)

Office of the
Exchange Control Committee,
Baghdad, 31st October 1943.

MONTHLY GOLD & SILVER REPORT - OCTOBER 1943.

NOTE:

This report was previously issued weekly but henceforth it will be issued on a monthly basis.

Gold and Silver prices are given in the attached statement. The reference to Sovereigns in the report below and on the attached schedule are to King George Sovereigns.

REMARKS.

GOLD.

The month opened with the sovereign at I.D. 4.620 and the rise during the first week with the price reaching ID. 4.930 was, according to reports, due to gold being smuggled to Syria and Amman where the price was stated to be considerably higher. On October 10th the price weakened but improved slightly a few days later owing to the demand by local goldsmiths. It should perhaps be mentioned that in Baghdad there are two gold markets, one for King George and King Edward head sovereigns which are purchased for hoarding and smuggling, and one for Queen's heads and bars which are purchased by goldsmiths. Sovereigns with different heads vary considerably in price, the King George head fetches highest price followed by King Edward head and the Queen's head. The Sovereign price for the rest of the month remained fairly stable. The Persian gold coin called Pehlavi appeared on the market during the month and although the same gold content as the Sovereign its price was about ID. 4.200 and there were reports that large numbers of these coins have been smuggled from Persia for sale in Iraq. Most of such sales are stated to have been made to goldsmiths because at ID. 4.200 it is a more profitable purchase than either sovereigns or gold bars. During the month considerable interest has been shown in the purchase of 5 and 10 tola gold bars which are being sold by the Eastern Bank.

SILVER.

The price of silver remained firm during the month.

DAILY GOLD AND SILVER PRICES - OCTOBER 1943.

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
1	ID. 4.620	47-1/2 Fils per Mithkal.
2.	4.620	47-1/2
3	4.620	47-1/2
4	4.650	47
5	4.650	47
6	4.690	47
7	4.780	47
8	4.890	47
9	4.930	47
10	4.840	47
11	4.840	47
12	4.890	47
13	4.880	47
14	4.900	47
15	4.900	47
16	4.890	47
17	4.920	47
18	4.910	47
19	4.815-20	47
20	4.820	47
21	4.860	47
22	4.820	47
23	4.820	47
24	4.850	47
25	4.880	47
26	4.890	47
27	4.870	47
28	4.850	47
29	4.800	47
30	4.780	47
31	4.800	47

GOLD & SILVER - PAST QUOTATIONS

<u>Date</u>	<u>Gold Sovereigns</u> <u>ID.</u>	<u>Silver</u> <u>Fils per Mithkal.</u>
December 1939	2.031	16-1/2
" 1940	2.454	16
" 1941	3.421	24
March 1942	4.283	27
June "	4.373	28
Sept. "	4.795	38
Dec. "	4.853	43
January 1943	4.940	50
February "	5.050	52
March "	5.420	50-1/4
April "	5.580	48
May "	6.500	49
June "	5.900	49
July "	5.030	45
August "	4.800	45
Sept. "	4.620	47-1/2
Oct. "	4.800	47

Enclosure no. 2 to
Despatch no. 48 of
December 22, 1943 from
American Legation,
Baghdad.

(COPY)

Office of the
Exchange Control Committee
Baghdad, 14th December, 1943.

MONTHLY GOLD & SILVER REPORT - November 1943.

REMARKS.

GOLD.

Reference was made in the report for the month of October regarding the smuggling from Iran of Iranian Pahlavis and according to the latest reports it seems that large quantities of these coins are now entering this country. Although the price ruling in Iran as compared to that ruling in Iraq does not give much profit it seems that the importation was encouraged by the fact that these coins represented a useful medium for obtaining dinars for the purchase of goods for subsequent smuggling to Iran. From reports it seems that smuggling of gold to Syria continues. On the 2nd November the price of the sovereign started to rise and continued its upward tendency more or less without set back until the 19th November when the price of ID. 5.275 was reached. The reason for this increase is attributable for the most part to heavy purchases of sovereigns by pilgrims. Under arrangements made in all Middle East countries pilgrims are allowed to take sovereigns with them - up to a fixed limit - to Saudi Arabia and the Saudi Arabian Government has agreed to exchange up to 10 sovereigns at a fixed rate of exchange. It is estimated that the pilgrim purchases of sovereigns in Iraq amounted to 23,000 sovereigns. The pilgrims left Baghdad on the 21st November and after which date the sovereign declined slightly.

SILVER.

The price of silver increased by 3 fils for most of the month to fils 50 per Mithkal but this rise was more in sympathy with the gold price than for any other reason.

DAILY GOLD AND SILVER PRICES - NOVEMBER ~~1942~~ 1943.

<u>Date</u>	<u>Sovereigns</u>	<u>Silver</u>
1	ID. 4.805	47 Fils per Mithkal.
2	4.840	47
3	4.860	47
4	4.880-90	47
5	4.970	50
6	5.040	50
7	5.010	50
8	5.060	50
9	5.040	50
10	5.020	50
11	5.005	50
12	5.060	50
13	5.075	50
14	5.160	50
15	5.100	50
16	5.120	50
17-18	5.170	50
19	5.275	50
20	5.250	50
21-22	5.200	50
23	5.120	50
24	5.130	50
25	5.160	50
26	5.170	50
27	5.160	50
28	5.135	50
29	5.240	50
30	5.230	50

GOLD & SILVER - PAST QUOTATIONS

	<u>Gold Sovereigns</u>	<u>Silver</u>
	<u>ID.</u>	<u>Fils per Mithkal.</u>
December 1939	2.031	16-1/2
" 1940	2.454	16
" 1941	3.421	24
March 1942	4.283	27
June "	4.373	28
Sept. "	4.795	38
Dec. "	4.853	43
January 1943	4.940	50
February "	5.050	52
March "	5.420	50-1/4
April "	5.580	48
May "	6.500	49
June "	5.900	49
July "	5.030	45
Aug. "	4.800	45
Sept. "	4.620	47-1/2
October "	4.800	47
November "	5.230	50



LEGATION OF THE
UNITED STATES OF AMERICA

MAA
DOA
NE

Baghdad, Iraq, June 8, 1944.

1 Treas with 1 enc

1 FRB with 1 enc

JUN 24 1944

6/24

Subject: Transmitting Iraq Currency Board Report for 1943.

The Honorable
The Secretary of State,
Washington, D.C.

Sir:

I have the honor to transmit herewith three copies
of the Report of the Iraq Currency Board for the fiscal
year ended March 31, 1943.

Respectfully yours,

Loy W. Henderson
Loy W. Henderson.

✓ Enclosure:
As stated. *at. 6/24*

File No. 851.51
AJL/efg.

For Distribution

Yes No

4
RECEIVED
DEPARTMENT OF STATE

1944 JUN 19 PM 3 07

DIVISION OF
COMMUNICATIONS
AND RECORDS

DIVISION OF
ADMINISTRATIVE MANAGEMENT
REPRODUCTION SECTION
JUN 23 1944

Department of State

JUN 28 1944
FILED

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IRAQ CURRENCY BOARD.

REPORT

OF THE

IRAQ CURRENCY BOARD

For the year ended 31st March, 1943.

WATERLOW & SONS LIMITED
LONDON AND DUNSTABLE

1948.

Price 3d. Net.

REPORT

OF THE

IRAQ CURRENCY BOARD

For the year ended 31st March, 1943.

1. The total value of currency in circulation on the 31st March, 1943, was I.D. 26,290,807-574, which was I.D. 13,530,018-250 larger than at the beginning of the year. The increases, quarter by quarter, were as follows :—

				<i>Increase.</i>
June	quarter	...	...	I.D. 2,445,000-000
September	"	...	...	I.D. 1,689,999-050
December	"	...	...	I.D. 4,975,019-500
March	"	...	...	I.D. 4,419,999-700

This very large expansion was due to an acceleration in the general rise in prices, combined with large expenditure by the Allied Nations in Iraq and the tendency to hold larger cash reserves as a store of value. These tendencies were reinforced by the severe restriction of imports inevitably imposed by war conditions and resultant speculation in available goods and property, which was particularly noticeable in the latter half of the year. The wholesale price index number, taking the average level of December, 1938, to August, 1939, as 100, rose from 352 to 603 during the course of the year. The large expansion of the currency was only partially reflected in the increase of bankers' deposits which, excluding Government accounts, increased from I.D. 4,465,917 to I.D. 9,066,537.

2. Details of the currency in circulation on the 31st March, 1942, and 31st March, 1943, are given in the following table :—

COIN :—

	Denomination.	Value. 31.3.42.	Value. 31.3.43.
	200 fils	97,989-800	99,989-600
	50 fils	648,343-600	895,942-550
	20 fils	48,494-120	77,154-120
	10 fils	59,678-350	81,838-350
	4 fils	55,408-520	70,538-520
	2 fils	6,569-966	6,669-966
	1 fils	20,759-968	24,459-968
Total coin	...	I.D. <u>937,244-324</u>	I.D. <u>1,256,593-074</u>

NOTES :—

	I.D. 100	680,200-000	1,661,800-000
	" 10	1,227,410-000	2,374,750-000
	" 5	1,193,100-000	2,566,150-000
	" 1	7,171,199-000	16,356,613-000
	" $\frac{1}{2}$	974,842-500	1,177,783-000
	" $\frac{1}{4}$	576,793-500	897,118-500
Total notes	...	I.D. <u>11,823,545-000</u>	I.D. <u>25,034,214-500</u>

Total notes and coin... I.D. 12,760,789-324 I.D. 26,290,807-574

The rapidly rising prices created large demands for notes of higher denomination, which had to be met partly with notes of lower denomination. Towards the end of the year, with the arrival of supplies by air from England, the position was in course of adjustment and the excessive issues of low denomination notes were being replaced by notes of higher denomination.

The Board was much indebted to the Government of India for the supply of currency at certain times of the year when, owing to the very rapid increases of demand, it was impossible to obtain supplies sufficiently quickly from Great Britain. One dinar, half dinar and quarter dinar notes were obtained from the Nasik Security Printing Press and coin of various denominations from the Bombay Mint.

Owing to the diversion to war purposes of all available supplies of nickel, bronze was adopted instead of cupro-nickel for the ten and four fils coins minted in the latter part of the year. The new coins were put into circulation after the close of the year.

3. The value of new currency despatched to Iraq was I.D. 16,539,059, I.D. 15,921,286 in notes and I.D. 617,773 in coin. Of these, notes to the value of I.D. 3,500,000 and coin to the value of I.D. 366,000 were despatched from India. There were no losses in transit. Soiled notes to the value of I.D. 578,280 were withdrawn from circulation, and cancelled notes to the value of I.D. 1,245,555 were destroyed during the year. Coins to the value of I.D. 1-250 which had been "illegally dealt with" were confiscated and withdrawn from circulation. In all cases full compensation was paid to the owners as there was no reason to suspect deliberate action by them. Some counterfeit coins of all denominations were reported to be in circulation, but the numbers were reported to be small and the counterfeits crude. No note forgeries have been reported.

4. Issues of currency in Iraq in exchange for payments in sterling to the Board in London amounted during the year to I.D. 13,530,019. No dinars were returned from circulation in exchange for drafts on the Board in London. The amount of commission, at the standard rate of one-eighth per cent. on issues of currency in exchange of telegraphic transfers on London, received during the year was £16,912 10s. 0d.

5. The audited accounts of the Board for the year ended 31st March, 1943, statements of the investments then held and of the estimated general position and an analysis of the increase in the Currency Reserve Fund during the year are appended to this Report. The accounts reflect the large increase in the circulation and the consequent heavy expenditure on the manufacture and supply of currency. The amount debited to Profit and Loss Account on account of transfer to Expenses of Manufacture and Supply Account was £302,928 17s. 4d., as against £147,269 6s. 8d. in the previous year, and this large debit reduced the balance transferred to Currency Reserve Fund to £47,392 18s. 5d. in spite of a large increase in the income from interest and premium on currency issued. In view of the high prices of silver current in India, due to wartime shortage of supplies, the value of the silver coinage in stock at the end of the year, much of which had been minted in India, has been written down in the accounts to the London market price. At the end of the year the Currency Reserve Fund was £403,010 10s. 5d. in excess of the value of the circulation, as against £355,616 7s. 0d. at the beginning of the year. The balance of the Estimated General Position was £982,979 9s. 1d., as against £695,818 0s. 1d. at the end of the previous year. The market value of the investments was £184,427 5s. 0d. above cost.

6. The contribution to the Government revenues during the year was £60,000 and the same amount has already been paid for the year 1943-44. The following statement shows the contributions to the Government revenues since the inception of the Board :—

1934-35	...	...	...	£15,000
1935-36	...	...	...	£40,000
1936-37	...	...	...	£81,000
1937-38	...	...	...	£110,000
1938-39	...	...	...	£60,000
1939-40	...	...	...	£60,000
1940-41	...	...	...	£60,000
1941-42	...	...	...	£60,000
1942-43	...	...	...	£60,000
1943-44	...	...	...	£60,000

7. In accordance with Article 14 (a) of the Currency Law, Sir James Leigh-Wood, K.B.E., C.B., C.M.G., representative of the Eastern Bank, retired from the Board on the 9th July, 1942, and was succeeded by Mr. James McMurray, C.B.E., representing the Imperial Bank of Iran. Mr. C. F. Loombe succeeded Mr. C. R. Towner as Currency Officer. After the close of the year the Board suffered a great loss by the death of Sir Howard Denning, C.I.E., on the 20th April, 1943, and they desire to place on record their recognition of the pre-eminent value of his services to the Board as its Secretary for a period of over nine years. In succession to Sir Howard Denning, Mr. C. G. Freke, C.I.E., was appointed as Secretary to the Board.

C. G. FREKE,

Secretary,

2, Crosby Square,

LONDON, E.C.3.

26th October, 1943.

KENNET.

A. AMIN.

E. J. BUNBURY.

J. McMURRAY.

JAMES LEIGH-WOOD.

**ACCOUNTS OF THE IRAQ CURRENCY BOARD FOR THE PERIOD 1st APRIL, 1942, TO THE
31st MARCH, 1943.**

EXPENSES OF MANUFACTURE AND SUPPLY ACCOUNT.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
Value of silver in coin in stock at cost at 31st March, 1942	8,381	18	8	Value of silver in coin in stock and in transit at market price at 31st March, 1943	94,904	3	4
Manufacture of coin	265,079	13	1	Balance transferred to Profit and Loss Account	302,928	17	4
Manufacture of notes	31,663	17	3				
Freight to Iraq on currency	4,165	7	9				
Insurance to Iraq on currency	85,054	19	0				
Freight, Insurance and other expenses incurred in Iraq in movement of currency... ..	3,487	4	11				
	<u>£397,833</u>	<u>0</u>	<u>8</u>		<u>£397,833</u>	<u>0</u>	<u>8</u>

PROFIT AND LOSS ACCOUNT.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
Contribution to the Government of Iraq	60,000	0	0	Interest and dividends received ...	404,623	11	9
Compensation for currency destroyed and withdrawn from circulation	1	5	0	Premium on currency issued and redeemed	16,912	10	0
Cost of police guards over strong rooms in Iraq	911	7	1	Profit on securities realised... ..	8	2	5
Books and stationery	67	1	6				
Telegrams and telephone	201	17	5				
Postage and other stamps	339	17	2				
Rent, including strong rooms in Iraq, cleaning, lighting, heating, etc.	1,088	12	1				
Members' fees	3,526	13	1				
Officers' salaries	2,343	8	8				
Currency Agent's fee	750	0	0				
Auditors' fee... ..	52	10	0				
Cost of safes in Iraq	1,209	13	4				
Miscellaneous expenses	730	3	1				
Amount transferred to Expenses of Manufacture and Supply Account... ..	302,928	17	4				
Balance transferred to Currency Reserve Fund	47,392	18	5				
	<u>£421,544</u>	<u>4</u>	<u>2</u>		<u>£421,544</u>	<u>4</u>	<u>2</u>

ISSUE AND REDEMPTION ACCOUNT.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
Balance transferred to Currency Reserve Fund	13,530,019	10	0	Received for Currency issued ...	13,530,019	10	0
	<u>£13,530,019</u>	<u>10</u>	<u>0</u>		<u>£13,530,019</u>	<u>10</u>	<u>0</u>

CURRENCY RESERVE FUND.

	£	s.	d.
Balance, being Currency Reserve Fund at 31st March, 1943 ...	26,693,818	1	11
	£26,693,818	1	11

			Cr.	
	£		s.	d.
Currency Reserve Fund at 31st				
March, 1942	13,116,405		13	6
Amount transferred from Issue and				
Redemption Account	13,530,019		10	0
Amount transferred from Profit and				
Loss Account	47,392		18	5
	<u>£26,693,818</u>		<u>1</u>	<u>11</u>

BALANCE SHEET.

LIABILITIES.			
		£	s. d.
Currency Reserve Fund	...	26,693,818	1 11
		<hr/>	
		£26,693,818	1 11

ASSETS.			
	£	s.	d.
Investments at cost...	23,040,897	0	0
Value of silver in coin in stock and in transit at market price ...	94,904	3	4
Cash at Bankers and In Hand :—			
Bank of England,			
London ...	£9,739	14	5
The Eastern Bank Ltd., London ...	47,199	16	7
Do. do. Deposit Account	2,650,000	0	0
Imperial Bank of Iran, Deposit Account ...	500,000	0	0
Ottoman Bank, Deposit Account	350,000	0	0
The Eastern Bank Ltd., Baghdad	1,027	7	7
In Hand ...	50	0	0
	<hr/>		
	3,558,016	18	7
	<hr/>		
	£26,693,818	1	11

REPORT OF THE AUDITORS.

We have examined the above Accounts for the year ended 31st March, 1943, with the books and accounts of the Iraq Currency Board in London and with the Returns from the Currency Officer in Iraq and have obtained all the information and explanations we have required. We report that in our opinion the above Balance Sheet and accompanying Accounts are properly drawn up so as to show a true and correct view of the position of the Board's affairs as at 31st March, 1943, in accordance with the information and explanations given to us and as shewn by the books and accounts of the Board.

KENNET.
A. AMIN.
E. J. BUNBURY.
J. McMURRAY.
JAMES LEIGH-WOOD.

PRICE, WATERHOUSE & CO.

3, FREDERICK'S PLACE,
OLD JEWRY, LONDON, E.C.2.
9th September, 1943.

C. G. FREKE,
Secretary.
9th September, 1943.

STATEMENT OF INVESTMENTS AT 31ST MARCH, 1943.

Description of Securities.	Nominal Value			Cost.			Mean Market Price at 31st March, 1943.	Value at Mean Market Price at 31st March, 1943.		
	£	s.	d.	£	s.	d.		£	s.	d.
Kingdom of Iraq Sterling Bonds, 4½%, 1942/52 ...	24,700	0	0	24,031	8	5	100-00	24,700	0	0
Conversion Loan 2%, 1943/45 ...	4,450,000	0	0	4,469,834	13	4	100-5625 x.d.	4,475,031	5	0
National Defence Bonds 2½%, 1944/48	1,070,000	0	0	1,060,651	8	9	101-25	1,083,375	0	0
Conversion Loan 2½%, 1944/49	1,500,000	0	0	1,457,310	9	8	100-625 x.d.	1,509,375	0	0
Do. 5%, 1944/64 ...	2,000,000	0	0	2,098,477	5	0	102-25 x.d.	2,045,000	0	0
National War Bonds 2½%, 1945/47	1,750,000	0	0	1,756,073	6	3	101-625 x.d.	1,778,437	10	0
Do. 2½%, 1946/48 ...	2,050,000	0	0	2,057,045	14	0	101-50 x.d.	2,080,750	0	0
Conversion Loan 3%, 1948/53 ...	1,080,000	0	0	1,082,939	12	6	102-75	1,109,700	0	0
National War Bonds 2½%, 1949/51 ...	3,300,000	0	0	3,301,439	10	0	100-25	3,308,250	0	0
Kenya Government 4½%, 1950...	10,000	0	0	11,615	17	0	109-00	10,900	0	0
London Electric Transport Finance Corporation Ltd., 2½% Guaranteed Debenture Stock, 1950/55 ...	175,000	0	0	165,147	9	8	96-50	168,875	0	0
Railway Finance Corporation Ltd. 2½% Guaranteed Debenture Stock, 1951/52 ...	200,000	0	0	193,457	18	9	98-00	196,000	0	0
National War Bonds 2½%, 1951/53 ...	2,500,000	0	0	2,499,531	5	0	100-25	2,506,250	0	0
Tanganyika Government 4%, 1951/71...	25,000	0	0	24,847	17	6	109-00	27,250	0	0
Funding Loan 2½%, 1952/72 ...	640,000	0	0	622,787	1	8	100-75	644,800	0	0
Southern Rhodesia Government 3½%, 1953/63 ...	40,000	0	0	40,020	13	10	103-00	41,200	0	0
National Defence Loan 3%, 1954/58 ...	650,000	0	0	653,127	0	0	102-25	664,625	0	0
War Loan 3%, 1955/59 ...	413,200	0	0	412,941	15	0	101-50 x.d.	419,398	0	0
Jamaica Government 3½%, 1955/59 ...	40,000	0	0	39,238	5	9	102-50	41,000	0	0
Savings Bonds 3%, 1955/65 ...	400,000	0	0	399,750	0	0	100-50	402,000	0	0
Southern Rhodesia Government 3½%, 1955/65 ...	50,000	0	0	48,922	3	6	102-00	51,000	0	0
Northern Rhodesia Government 3½%, 1955/65...	10,000	0	0	9,859	6	0	103-00 x.d.	10,300	0	0
Funding Loan 2½%, 1956/61 ...	200,000	0	0	183,907	7	10	96-00 x.d.	192,000	0	0
Ceylon Government 3%, 1959/64 ...	25,000	0	0	24,690	10	1	92-00	23,000	0	0
Kenya Government 4½%, 1961/71 ...	23,000	0	0	27,273	0	0	114-00	26,220	0	0
War Loan 3½%, after 1952 ...	200,000	0	0	205,415	19	1	106-00	212,000	0	0
Conversion Loan 3½%, after 1961 ...	150,000	0	0	155,586	15	5	106-25 x.d.	159,375	0	0
Northern Ireland Guaranteed Bonds 4½%, annual drawings up to 1955 ...	12,900	0	0	14,973	6	0	112-50 x.d.	14,512	10	0
	£22,988,800	0	0	23,040,897	0	0		23,225,324	5	0

STATEMENT OF ESTIMATED GENERAL POSITION AS AT 31ST MARCH, 1943.

£ s. d.			£ s. d.		
Currency in circulation :—			Investments at mean market price ...		
Notes ... I.D. 25,034,214-500			23,225,324	5	0
Coin ... I.D. 1,256,593-074			Dividends accrued on Investments		
			quoted ex Dividend ...	109,213	17 2
			Cash at Bankers and in Hand ...		
			3,558,016	18	7
			Estimated value of silver in coin in		
			stock, in transit and in circula-		
			tion at market price on 31st		
			March, 1943, i.e., 23½d. per oz.		
			standard, less 10% to cover cost		
			of realization ...		
			381,231	19	10
			£27,273,787	0	7
			£27,273,787	0	7

ANALYSIS OF THE INCREASE IN THE CURRENCY RESERVE FUND IN THE PERIOD
1ST APRIL, 1942, TO 31ST MARCH, 1943.

				£	s.	d.	£	s.	d.
1.	INCREASE DUE TO INVESTMENT INCOME, ETC.—								
	Investment and other miscellaneous revenue				...	...	421,544	4	2
	Less Expenses of administration				...	...	11,222	8	5
								410,321	15 9
2.	INCREASE DUE TO CHANGES IN CIRCULATION				...	...	13,530,019	10	0
	Less Expenses of manufacture and supply of currency								
	including adjustment for the value of silver coin								
	in stock				...	...	302,928	17	4
								13,227,090	12 8
								13,637,412	8 5
3.	DECREASE DUE TO CONTRIBUTION TO IRAQ GOVERNMENT REVENUES				...	...	60,000	0	0
	Net increase in Currency Reserve Fund during the fiscal year				...	...	...	13,577,412	8 5
	Add balance of Currency Reserve Fund at 31st March, 1942				...	...	...	13,116,405	13 6
	Balance of Currency Reserve Fund at 31st March, 1943				...	...	...	£26,693,818	1 11



LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, Iraq, July 20, 1944.

RESTRICTED

No. 368

Subject: Transmission of Statements Showing Iraqi Sales and Purchases of Dollars and Swiss Francs, and Dollar Balances Held by Iraq for the Month of June, 1944.

The Honorable
The Secretary of State,
Washington, D.C.

Sir:

I have the honor to refer to the Department's mimeographed instruction of July 15, 1942 (File No. 102.11/6726a) regarding certain financial information desired periodically by the Treasury Department and to forward herewith statements showing Iraq sales and purchases of United States dollars and Swiss francs, and dollar balances held by Iraq, for the month of June, 1944. These statements have been supplied to the Legation by the Office of the Iraqi Exchange Control Committee.

Respectfully yours,

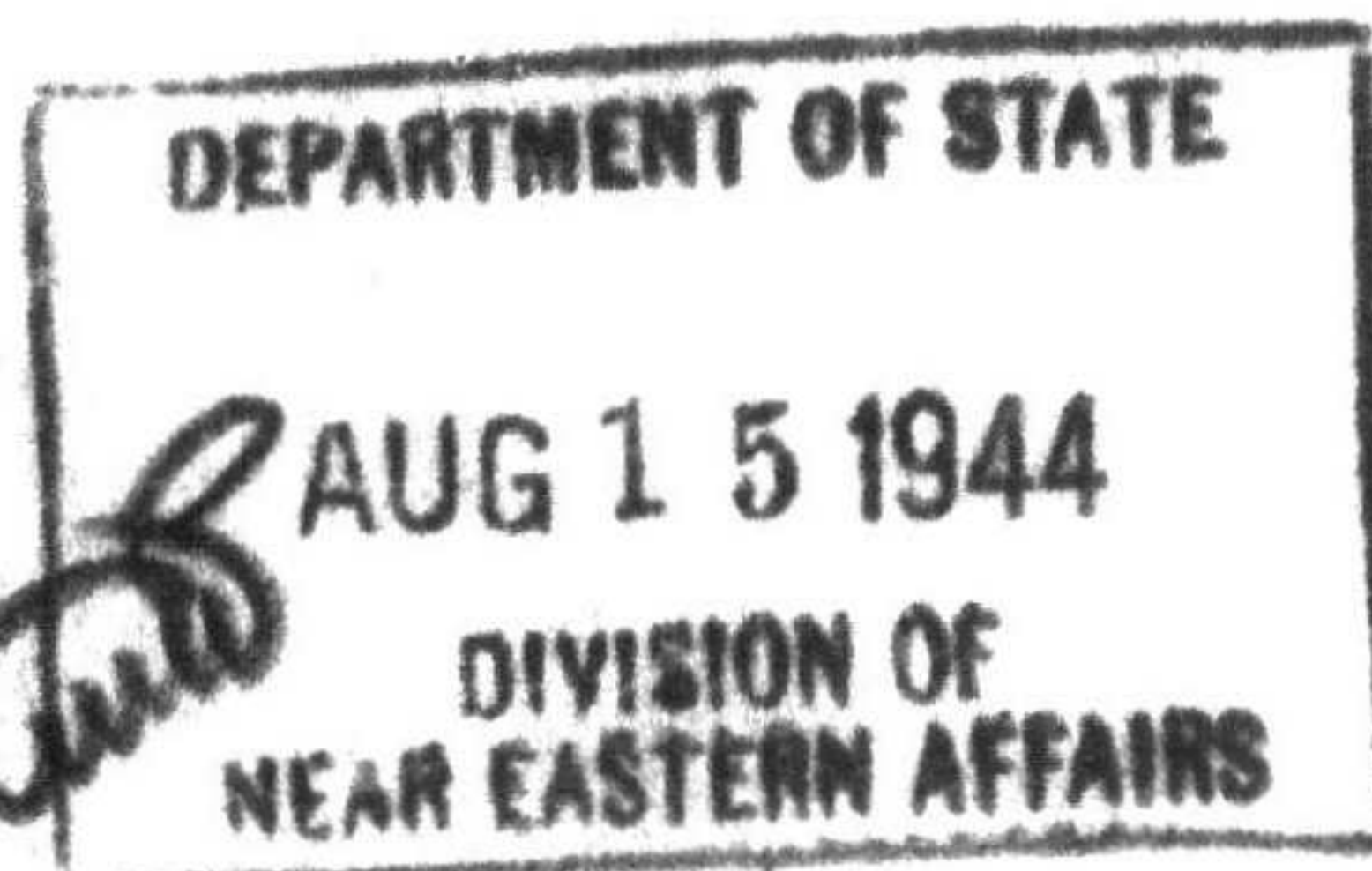
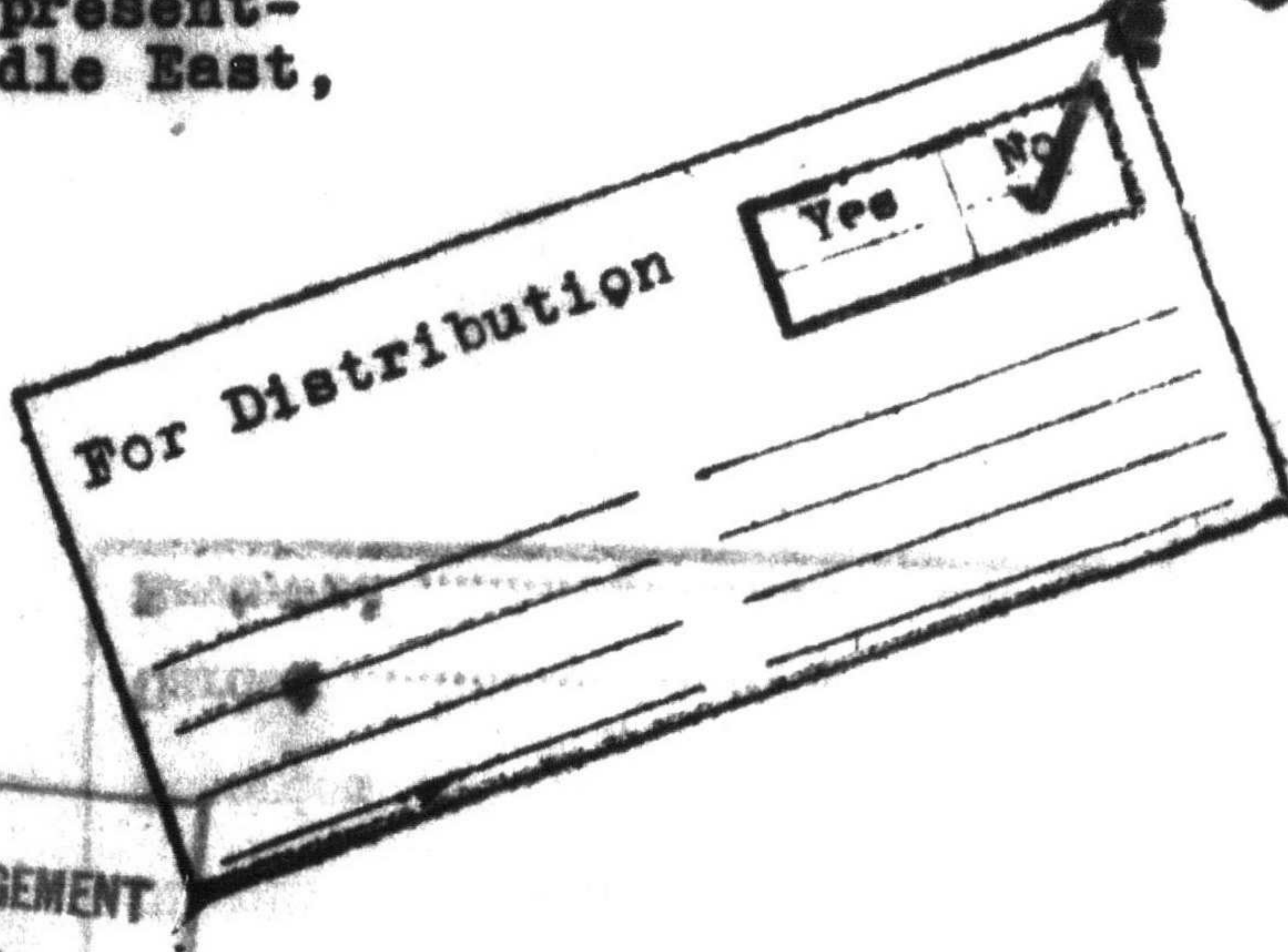
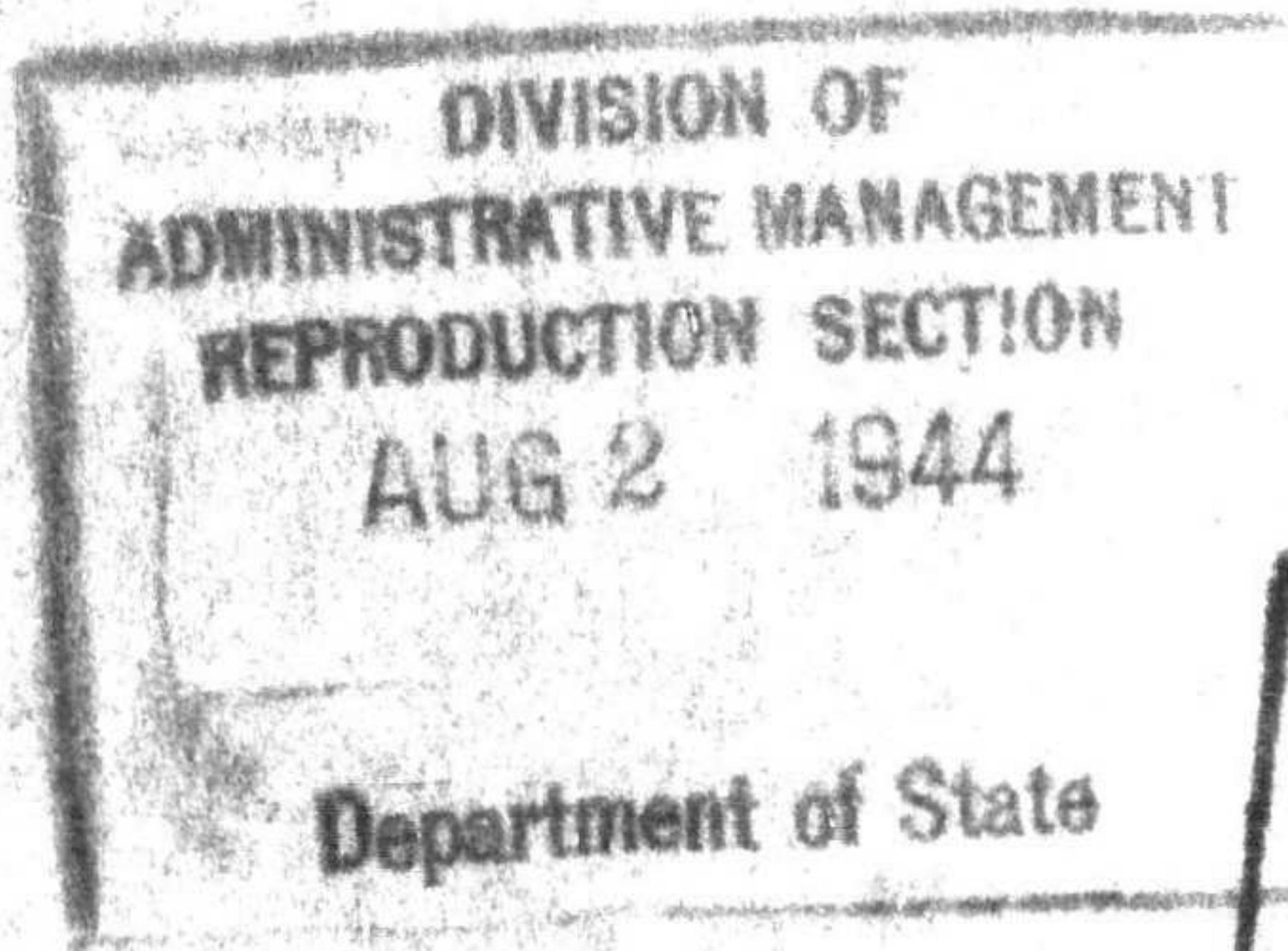
Loy W. Henderson.

Enclosure:

Statements of Iraqi sales and purchases of dollars and Swiss francs.

File No. 851.51
EFG/efg.

Copy to: American Embassy, London
G. W. Gunter, Esquire,
U.S. Treasury Representative in the Middle East,
Cairo, Egypt.



8906.5151/7-2044

CLASSIFICATION OF PAYMENTS FOR IMPORTS, ETC.
FOR THE MONTH OF JUNE 1944

		(U.S. Dollars)	
		<u>U.S. Dollars</u>	<u>Total</u>
1. <u>Imports</u>			
a) Food, drink & tobacco		-	
b) Raw materials & articles mainly unmanufactured		-	
c) Articles wholly or mainly manufactured	*	286,011.19	
d) Animals, not for food		-	286,011.19
2. <u>Other Payments</u>			
a) Transport & handling charges in connection with movement of goods		-	
b) Agency & advertising expenses		-	
c) Insurance		63.15	
d) Royalties		5,562.71	
e) Investment & interest		-	
f) Payment in respect of persons resident abroad		112,017.50	
<u>This amount is made up as follows:</u>			
Expenses in connection with Iraqi Legation at Washington (April 1944) \$7,000.00			
Special payment to the Iraqi Military Attaché at Washington. 2,000.00			
Expenses in connection with Iraqi Deputation to the International Monetary Conference in U.S.A. 4,500.00			
Amount of profit earned in Iraq for the years 1940 & 1941 a/c Socony- Vacuum Oil Coy. 93,567.00			
Sundry other payments to persons resident abroad 4,950.00			
<u>112,017.50</u>			
g) Personal travel		2,000.00	
h) Miscellaneous		352.48	119,995.84
Grand total U.S.\$			<u>406,007.03</u>

Actg. Secretary,
Exchange Control Committee,
Baghdad.

* \$7,581.82 of which represent pay-
ment of goods of Swiss origin.

U. S. DOLLAR FIGURES FOR JUNE 1944
(Figures cabled by American
Correspondents of Licensed
Dealers)

a) Total receipts of U.S. Dollars
during the month by Licensed
Dealers, other than Dollars
bought from Bank of England

Ottoman Bank	U.S.\$36,811.53
Eastern Bank, Ltd.	U.S.\$ 5,816.29
Imperial Bank of Iran	U.S.\$15,354.43
	<u>U.S.\$57,982.25</u>

b) Total amount of Dollars sold by
Licensed Dealers during the month
to the Bank of England

N I L

c) Total amount of Dollars bought
by Licensed Dealers from the
Bank of England.

Imperial Bank of Iran U.S.\$200,000.00

d) Total balance held at the end
of the month:

Ottoman Bank	U.S.\$401,627.23
Eastern Bank, Ltd.	U.S.\$191,396.43
Imperial Bank of Iran	U.S.\$237,459.53
	<u>U.S.\$830,483.19</u>

Actg. Secretary,
Exchange Control Committee,
Baghdad.

Classification of Payments for Imports, etc.,
for the month of June 1944.

			(SWISS FRANCS)	
			Swiss francs	Total
1.	<u>IMPORTS.</u>			
	a) Food, drinks & tobacco		-	
	b) Raw materials & articles mainly unmanufactured		-	
	c) Articles wholly or mainly manufactured		-	
	d) Animals, not for food		-	-
2.	<u>OTHER PAYMENTS.</u>			
	a) Transport & handling charges in connection with movement of goods.		-	
	b) Agency & advertising expenses		-	
	c) Insurance		-	
	d) Royalties		-	
	e) Investment & interest		-	
	f) Payment in respect of persons resident abroad		* 54,287.00	
	g) Personal travel		-	
	h) Miscellaneous		-	54,287.00
		Grand Total Swiss Frs.	54,287.00	

* Swiss Francs 50,000.00 of which represent payment on account of tuition fees of Iraqi students in Switzerland.

Actg. Secretary,
Exchange Control Committee,
Baghdad.



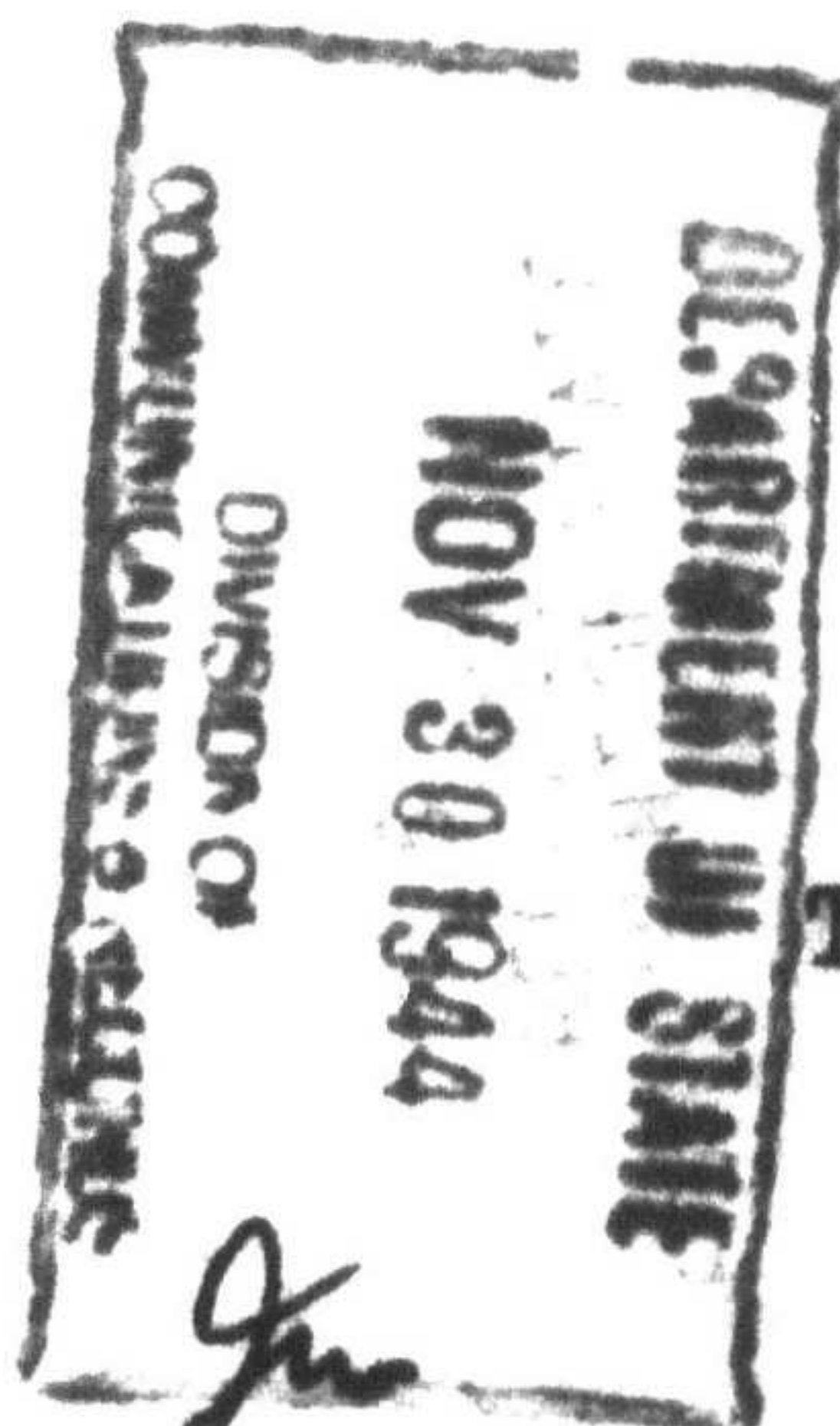
LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, Iraq, October 23, 1944.

CONFIDENTIAL

No. 484

Subject: Transmission of Statements Showing Iraqi Sales and Purchases of Dollars and Swiss Francs, and Dollar Balances Held by Iraq for the Month of September, 1944.



The Honorable
The Secretary of State,
Washington, D. C.

FO.

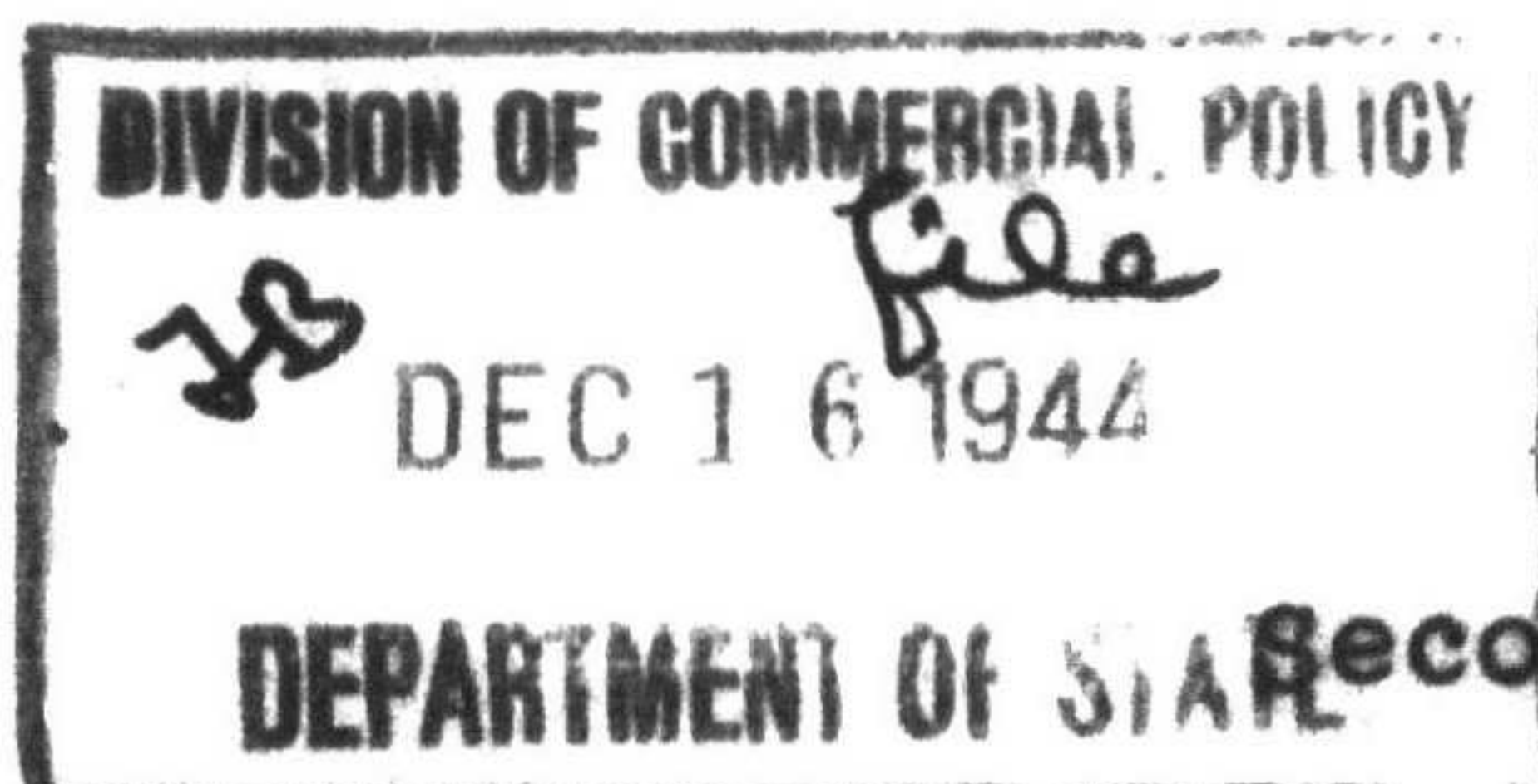
Commerce
FEA

Sir:

I have the honor to refer to the Department's mimeographed instruction of July 15, 1942 (File No. 102.11/6726a) regarding certain financial information desired periodically by the Treasury Department and to forward herewith statements showing Iraqi sales and purchases of United States dollars and Swiss francs, and dollar balances held by Iraq, for the month of September, 1944. These statements have been supplied to the Legation by Mr. C. E. Loombe, British Secretary of the Iraqi Exchange Control Committee.

Respectfully yours,

For the Minister:

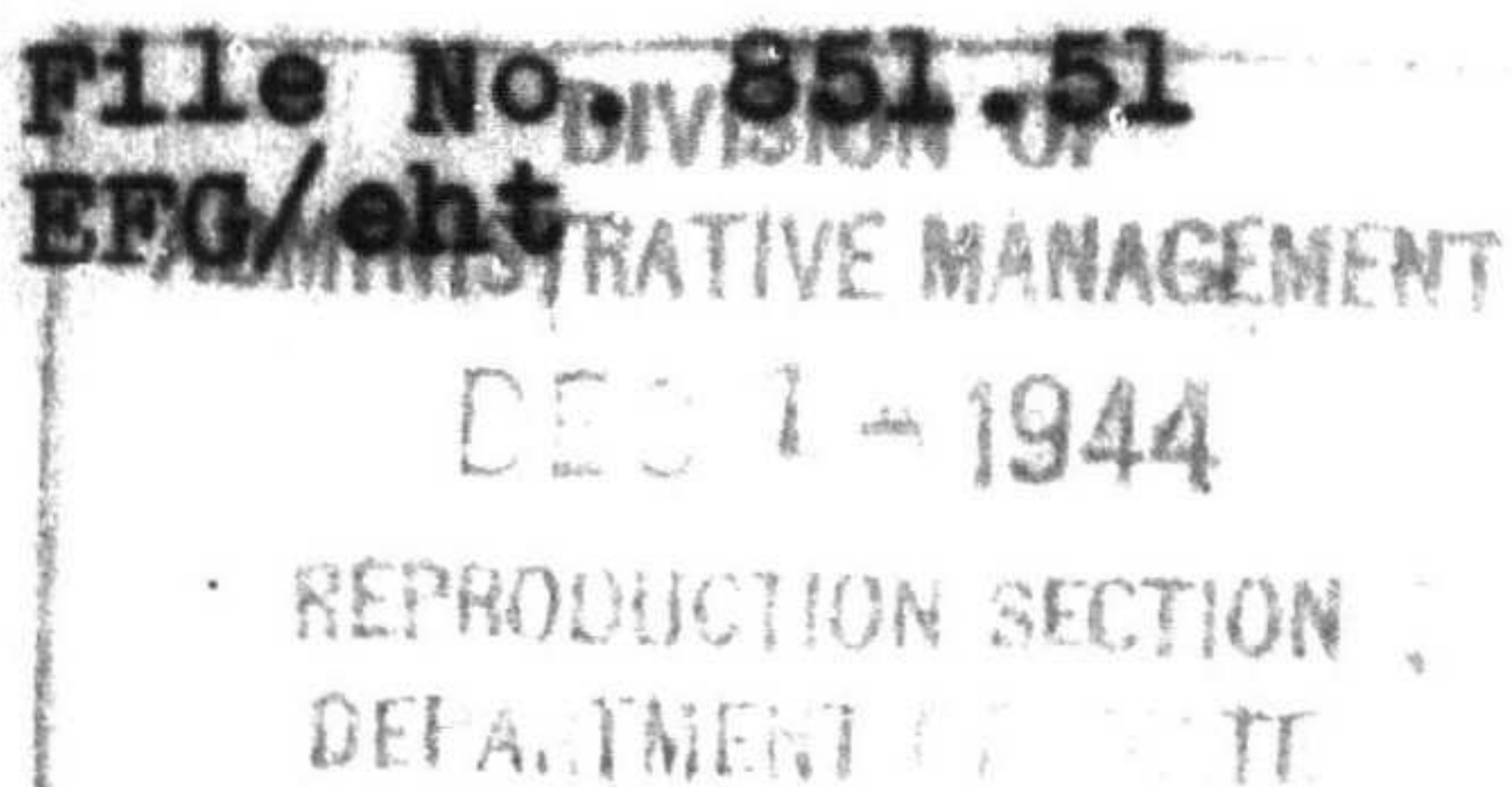


Daniel Gaudin, Jr.
Daniel Gaudin, Jr.
Second Secretary of Legation

Enclosures:

- Statement showing Iraqi sales and purchases of United States Dollars.
- Statement showing Iraqi sales and purchases of Swiss francs.
- Statement showing dollar balances held by Iraq.

Copy to: American Embassy,
London, England.
American Economic Mission - Middle East,
Cairo, Egypt.



8906.5151/10-2344

CS/D

8906.5151/10-2344

Classification of Payments for Imports, Etc., for the
month of September 1944

(U.S. DOLLARS)		
1. <u>IMPORTS.</u>	<u>U.S. Dollars</u>	<u>Total</u>
a) Food, drink & tobacco	-	
b) Raw materials & articles mainly unmanufactured.	-	
c) Articles wholly or mainly manufactured	*503,937.84	
d) Animals, not for food	-	503,937.84
<hr/>		
2. <u>OTHER PAYMENTS.</u>		
a) Transport & handling charges in connection with movement of goods.	-	
b) Agency & advertising expenses	-	
c) Insurance	205.50	
d) Royalties	14,781.46	
e) Investment & interest	-	
f) Payment in respect of persons resident abroad.	3,625.75	
<u>This amount is made up as follows:-</u>		
Amount of claim against the Iraq Government paid to a U.S.A. national.	\$ 875.25	
Sundry other payments to persons resident abroad.	<u>\$2,750.50</u> <u>\$3,625.75</u>	
g) Personal travel	-	
h) Miscellaneous	264.65	18,877.36
<hr/>		

Grand Total U.S. \$ 522,815.20

*U.S.\$250,000 represent payment in
respect of textiles ordered from
U.S.A. for account of the Iraq
Government.

*U.S.\$22,292.45 of which represent
payment in respect of goods of
Swiss origin.

Classification of Payments for Imports, Etc., for
the month of September 1944

(SWISS FRANCS)

1. <u>IMPORTS.</u>	<u>Swiss Francs</u>	<u>Total</u>
a) Food, drink & tobacco	-	
b) Raw materials & articles mainly unmanufactured.	-	
c) Articles wholly or mainly manufactured.	260.25	
d) Animals, not for food.	-	260.25
<hr/>		
2. <u>OTHER PAYMENTS.</u>		
a) Transport & handling charges in connection with movement of goods.	-	
b) Agency & advertising expenses	-	
c) Insurance	-	
d) Royalties	-	
e) Investment & interest	-	
f) Payment in respect of persons resident abroad.	-	
g) Personal travel	-	
h) Miscellaneous	-	-
<hr/>		
Grand Total Swiss Francs		260.25

260.25

U. S. DOLLAR FIGURES FOR SEPTEMBER 1944.

(Figures cabled by American Correspondents of Licensed Dealers)

- a) Total receipts of U.S. Dollars
during the month by Licensed
Dealers, other than dollars
bought from Bank of England.

Ottoman Bank	U.S. \$112,031.80
Eastern Bank, Ltd.	" \$ 77,271.75
Imperial Bank of Iran	" \$ 71,357.08
	<hr/>
	U.S. \$260,660.63
	<hr/> <hr/>

- b) Total amount of dollars sold
by Licensed Dealers during the
month to the Bank of England

N I L

- c) Total amount of dollars bought
by Licensed Dealers from the
Bank of England:-

Imperial Bank of Iran	U.S. \$200,000.00
Rafidain Bank	" \$400,000.00
	<hr/>
	U.S. \$600,000.00
	<hr/> <hr/>

- d) Total balances held at the end
of the month:-

Ottoman Bank	U.S. \$1,154,368.07
Eastern Bank, Ltd.	"\$ 422,805.74
Imperial Bank of Iran	"\$ 208,547.13
	<hr/>
	U.S. \$ 1,785,720.94
	<hr/> <hr/>



LEGATION OF THE
UNITED STATES OF AMERICA

Baghdad, Iraq, November 27, 1944.

CONFIDENTIAL

No. 527

Subject: Transmission of Statements Showing Iraqi Sales and Purchases of Dollars and Swiss Francs, and Dollar Balances Held by Iraq for the Month of October, 1944.

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to the Department's mimeographed instruction of July 15, 1942 (File No. 102.11/6726a) regarding certain financial information desired periodically by the Treasury Department and to forward herewith statements showing Iraqi sales and purchases of United States dollars and Swiss francs, and dollar balances held by Iraq, for the month of October, 1944. These statements have been supplied to the Legation by Mr. C. E. Loombe, British Secretary of the Iraqi Exchange Control Committee.

Respectfully yours,

For the Minister:

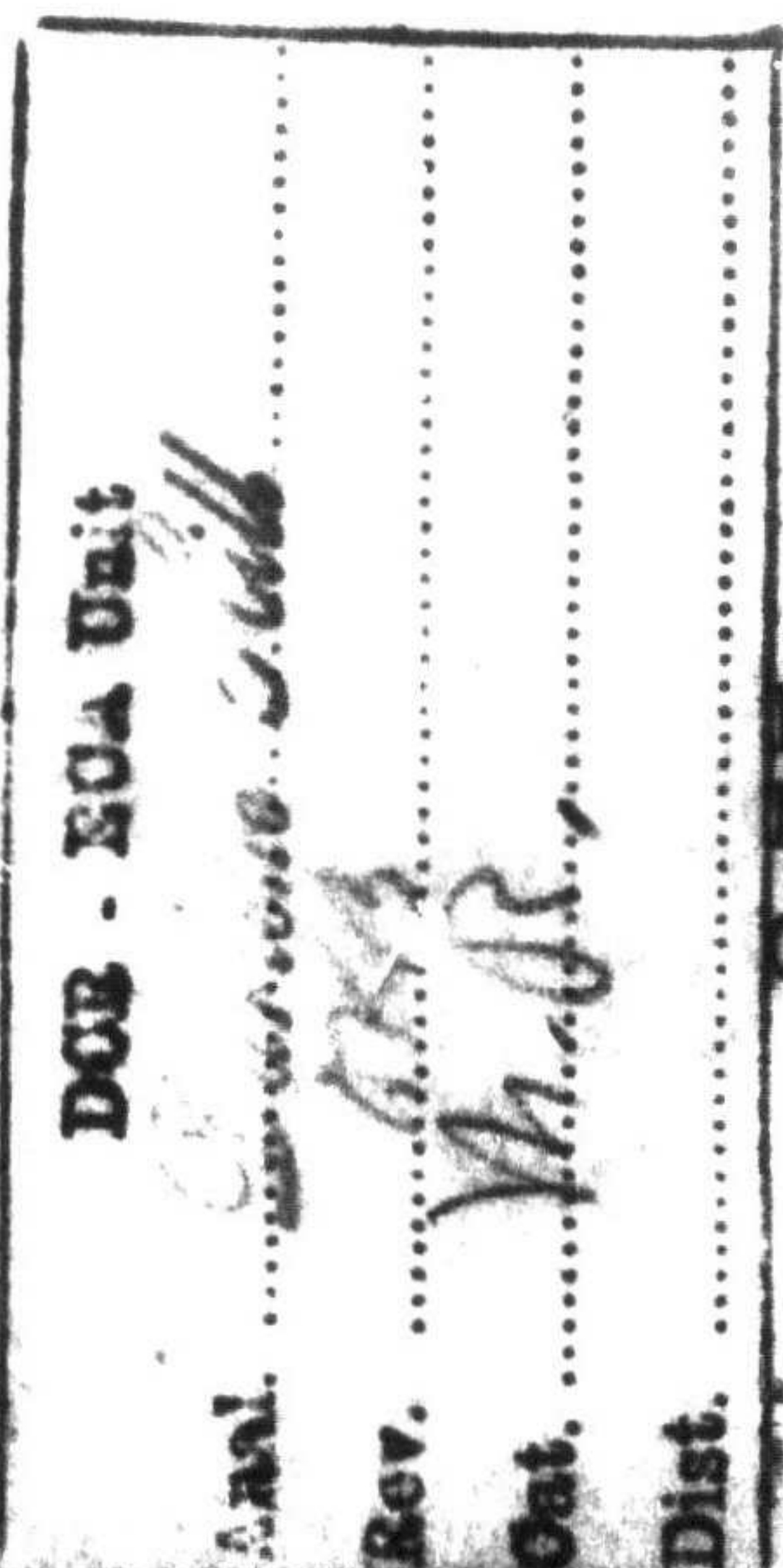
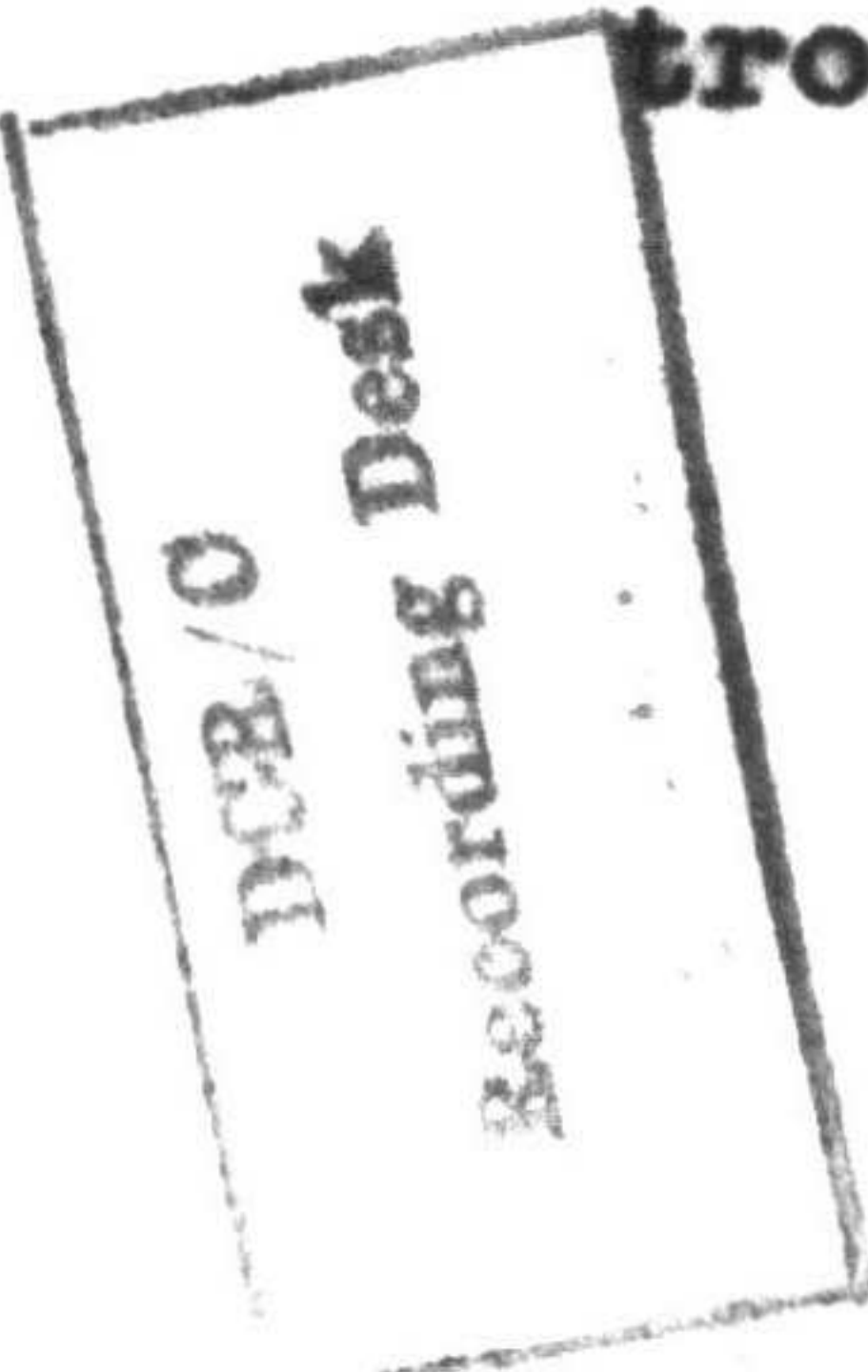
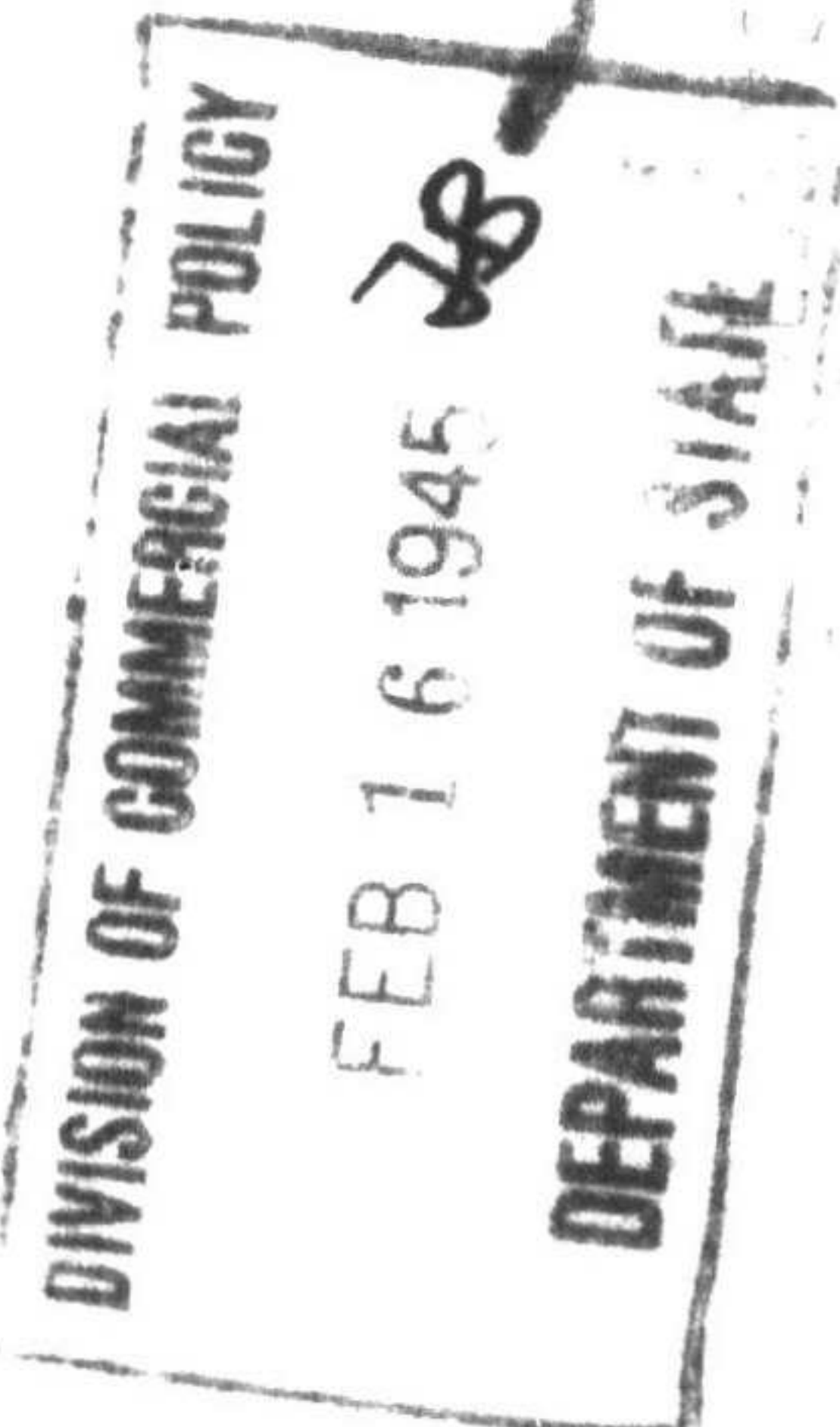
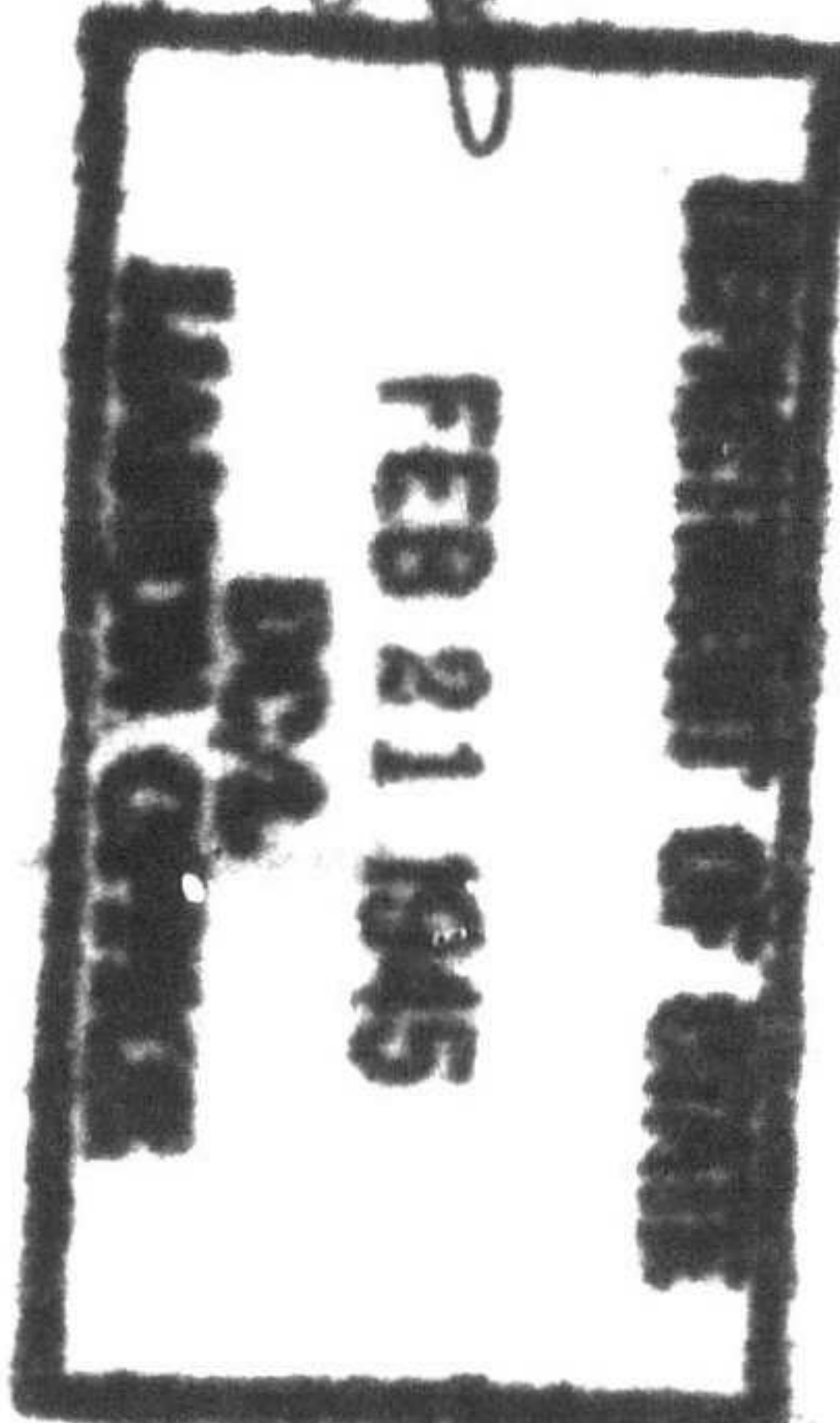
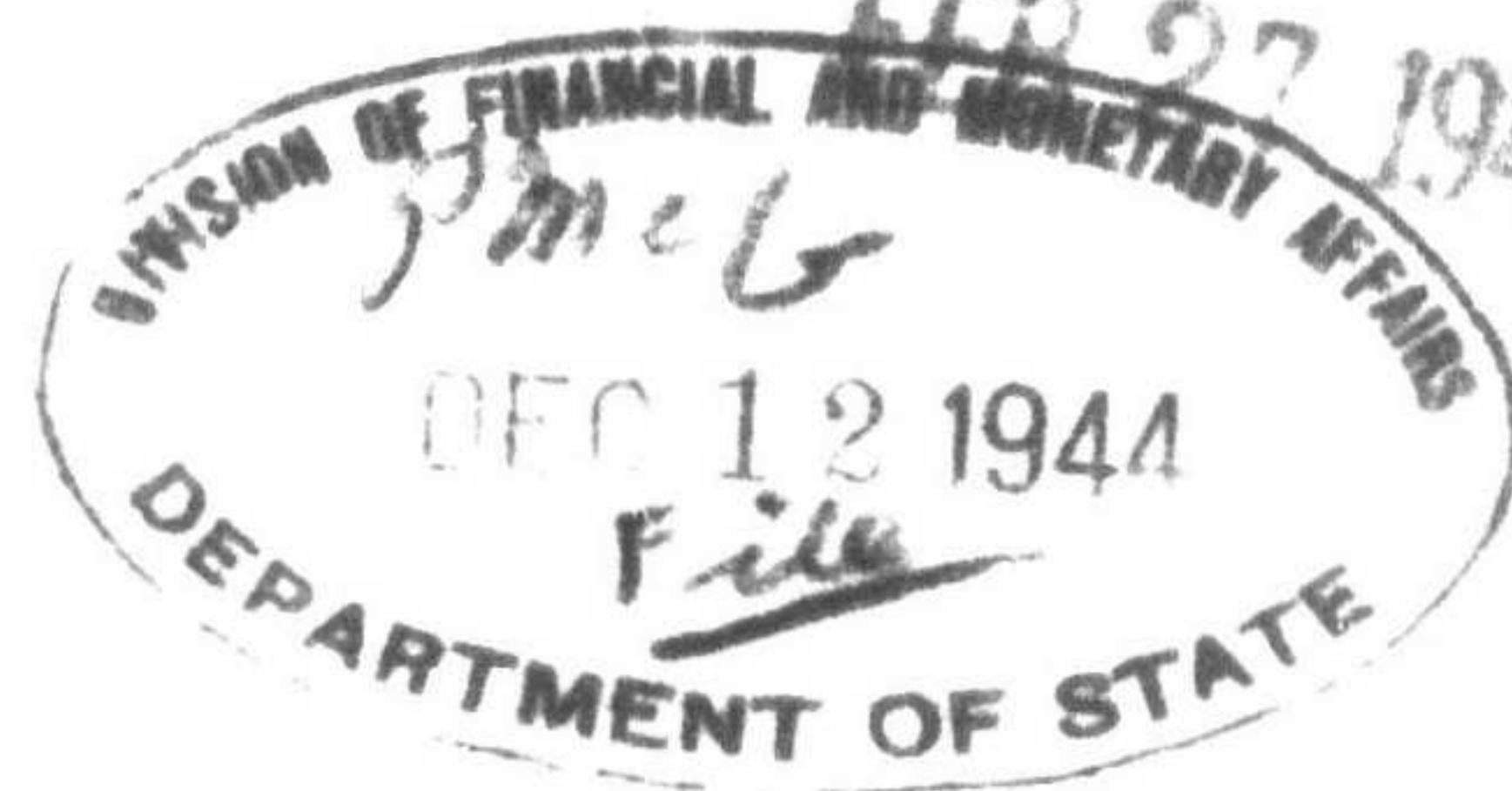
William D. Moreland, Jr.
William D. Moreland, Jr.
Second Secretary of Legation

Enclosures:

- ✓ Statement showing U. S. Dollar payments for imports etc. for October, 1944.
- ✓ Statement showing Swiss Franc payments for imports etc. for October, 1944
- ✓ U. S. Dollar figures for October, 1944

File No. 851.51
EHT/ehf.

Copy to: American Embassy,
London, England
American Economic Mission - Middle East,
Cairo, Egypt.



100-111-744

CS/D 8909.5151/11-2744

CLASSIFICATION OF PAYMENTS FOR IMPORTS, ETC.,
FOR THE MONTH OF OCTOBER 1944

		(U.S. Dollars)	
		<u>U.S. Dollars</u>	<u>Totals</u>
1. Imports			
a) Food, drink & tobacco		-	
b) Raw materials & articles mainly unmanufactured		-	
c) Articles wholly or mainly manufactured	* 826,764.75		
d) Animals, not for food		-	826,764.75
2. Other Payments			
a) Transport & handling charges in connection with movement of goods		-	
b) Agency & advertising expenses		-	
c) Insurance		2,387.28	
d) Royalties		-	
e) Investment & interest		-	
f) Payment in respect of persons resident abroad		72,906.50	
<u>This amount is made up as follows:</u>			
Expenses in connection with Iraqi Deputation to the Inter- national Business Conference in U.S. A.	\$36,000.00		
Expenses in connection with Iraqi Deputation to the In- ternational Civil Aviation Conference in U.S.A.	3,450.00		
Tuition fees & expenses for the Iraqi students in U.S.A.	20,000.00		
Remittances on account of U.S. nationals	3,150.00		
Sundry other payments to persons resident abroad	9,946.50		
	<u>\$72,906.50</u>		
g) Personal travel		6,212.00	
h) Miscellaneous		2,573.78	84,079.56
	Grand total	U.S. \$910,844.31	

* U.S.\$ 13,403.88 of which represent
payment in respect of goods of Swiss
origin.

CLASSIFICATION OF PAYMENTS FOR IMPORTS, ETC.,
FOR THE MONTH OF OCTOBER 1944

			<u>(Swiss Francs)</u>	
			<u>Swiss Francs</u>	<u>Total</u>
1.	<u>Imports</u>			
	a) Food, drink & tobacco		-	
	b) Raw materials & articles mainly unmanufactured		-	
	c) Articles wholly or mainly manufactured			
	d) Animals, not for food		<u>-</u>	±
2.	<u>Other Payments</u>			
	a) Transport & handling charges in connection with movement of goods		-	
	b) Agency & advertising expenses		510.00	
	c) Insurance		-	
	d) Royalties		-	
	e) Investment & Interest		-	
	f) Payment in respect of persons resident abroad		-	
	g) Personal travel		-	
	h) Miscellaneous		4.00	514.00
Grand total			<u>Swiss Frs. 514.00</u>	<u>514.00</u>

(Sgd.) C. E. Loombe,
Secretary,
Exchange Control Committee.

U. S. DOLLAR FIGURES FOR OCTOBER 1944
(Figures Cabled by American Correspondents to
Licensed Dealers)

- a) Total receipts of U.S. dollars
during the month by Licensed
Dealers, other than dollars
bought from Bank of England:

Ottoman Bank U.S.\$ 88,100.76

Imperial Bank of Iran " 46,563.74
U.S.\$ 134,664.50

Less: Amount debited
to the Eastern
Bank during the
month " 54,115.55
" 80,548.95

- b) Total amount of dollars sold
by Licensed Dealers during the
month to the Bank of England

N I L

- c) Total amount of dollars bought
by licensed Dealers from the
Bank of England:

Eastern Bank, Ltd. U.S.\$ 70,000.00

Rafidain Bank " 350,000.00
420,000.00

- d) Total balances held at the end
of the month:

Ottoman Bank U.S.\$ 1,168,797.90

Eastern Bank, Ltd., " 393,358.23

Imperial Bank of Iran " 147,330.40
U.S.\$ 1,709,396.53

CROSS-REFERENCE FILE

NOTE

SUBJECT Iraq Import and Exchange authorities entitled to decide whether dollar exchange is available after essential goods requirements are covered for purchase of books or other commodities.

1f

For the original paper from which reference is taken

See Letter
(Despatch, telegram, instruction, letter, etc.)

Dated Jan. 3, 1945 ~~From~~ War Information,
To Office of

File No. 800.24/12-1844

890G.5151/12-1844

FIS

AIRGRAM

Dispatched:

From: American Legation
Cairo, Egypt

Date: December 22, 1944

Rec'd: January 2, 5pm

Secretary of State
Washington, D. C.

A-736, December 22, 10:00 a.m.

CONFIDENTIAL

To Department and Mr. Dawson

Iraqi Dollar Exchange

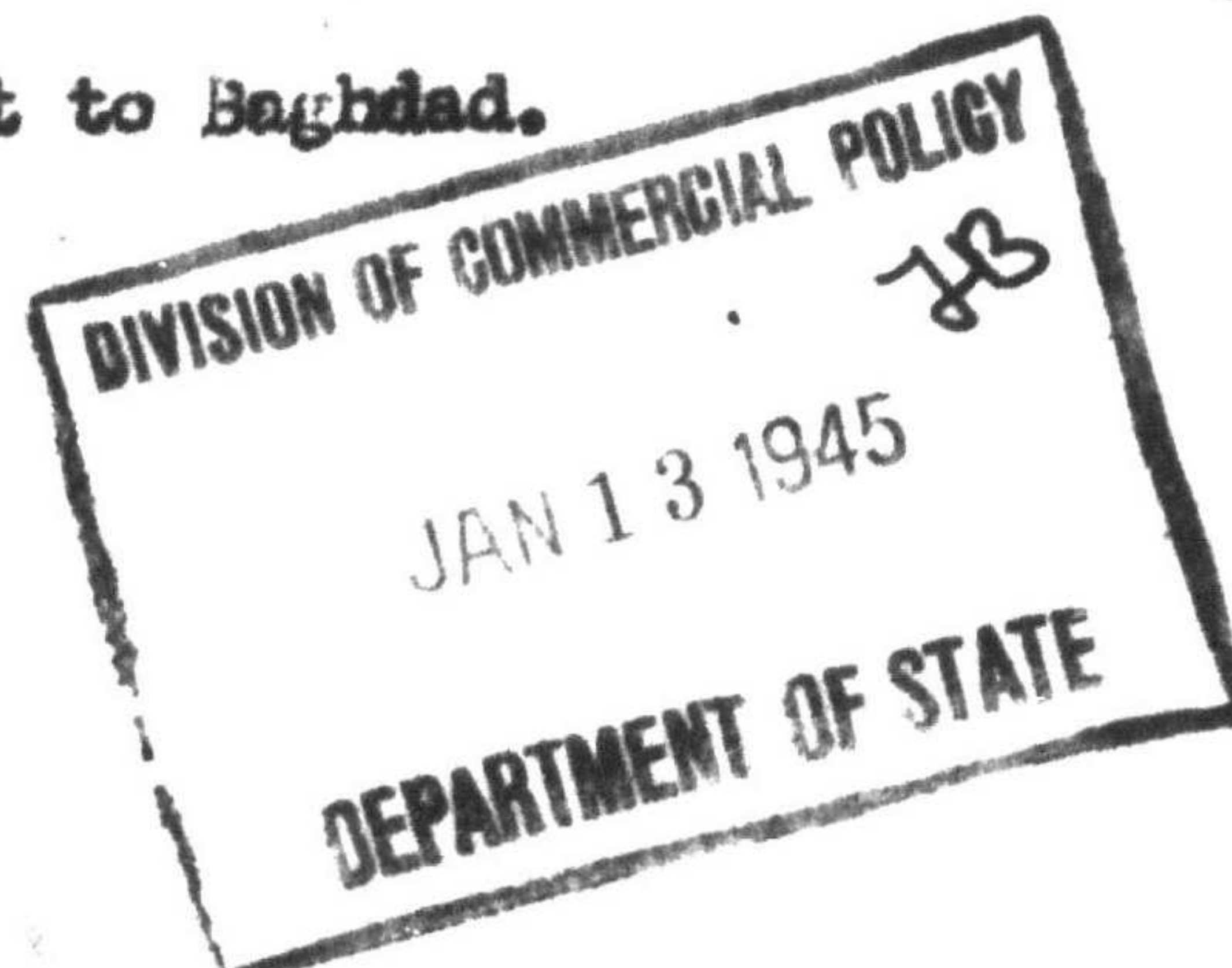
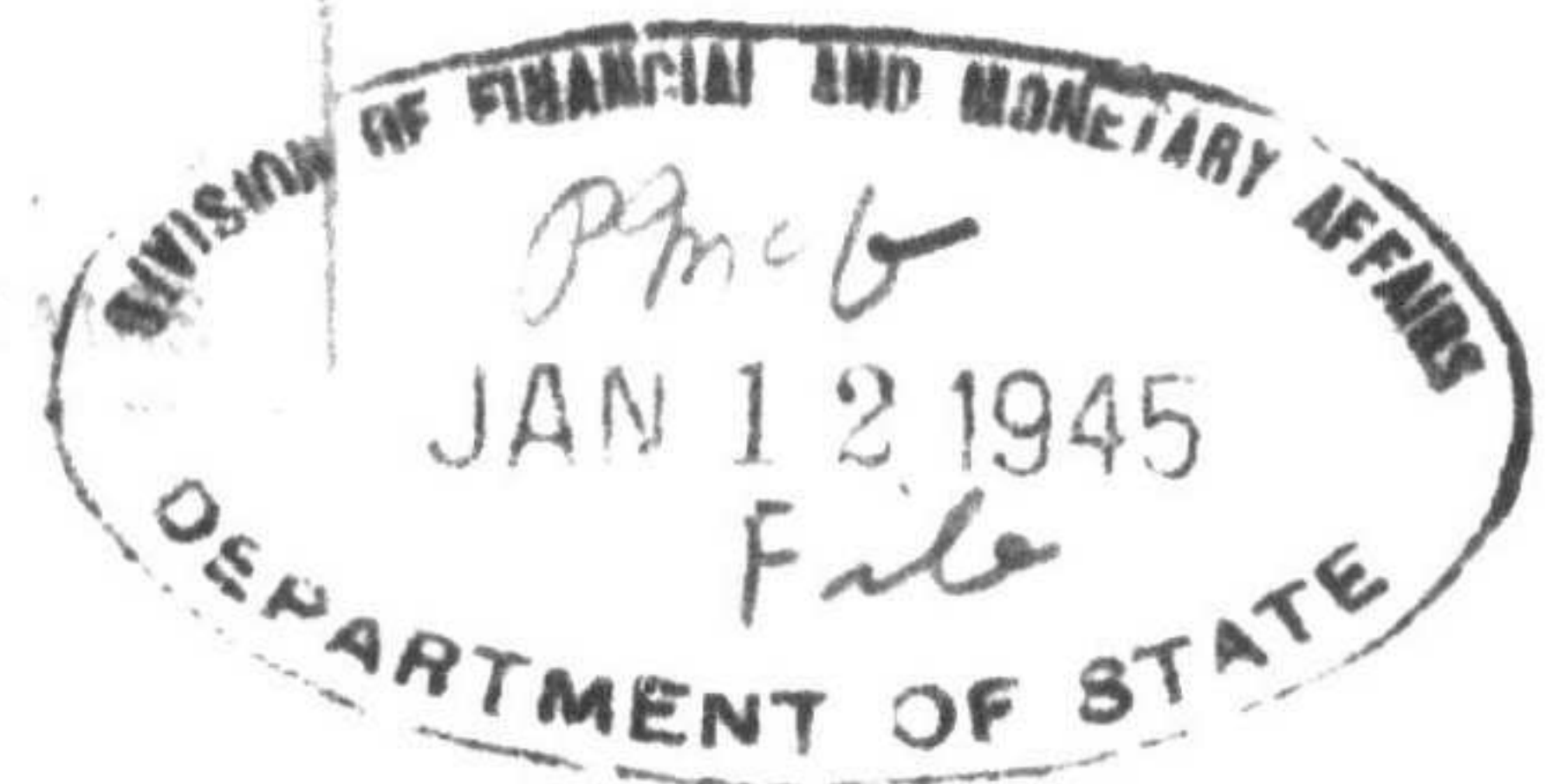
Davidson, British Treasury Representative, has returned from Iraq.

He reports as follows: The Iraqis are still considering the proposals that have been made to them by the British. These are based on the same considerations that governed the Egyptian proposals. The total number of dollars involved is something over £3,000,000. Meanwhile during the consideration of the British proposals by the Iraqis these arrangements have been worked out which it is believed will adequately carry phase 2 of the LSC program for the first half of 1945. The Iraqis have certain remaining balances in the so-called Iraqi dollar pool. They will also have dollar earnings. They will be permitted to draw freely on these, but should have in the back of their minds in doing so the £3,000,000 plus target that the British have offered.

We will try and analyze what £3,000,000 plus means to Iraqi - United States trade. But our data are inadequate and our force very depleted.

A copy of this airgram is being sent to Baghdad.

JL Landis/silverman
12-22-44



JAN 18 1945

8506.5151/12-2244

CS/MAH

File
M.F.
1-3-45
P.B.
Wren
(Mr. Trubee)
1945
Dawson
12-22-44

DIVISION OF COMMERCIAL POLICY

JAN 23 1945

DEPARTMENT OF STATE

Dispatched:

From: American Legation
Cairo, Egypt

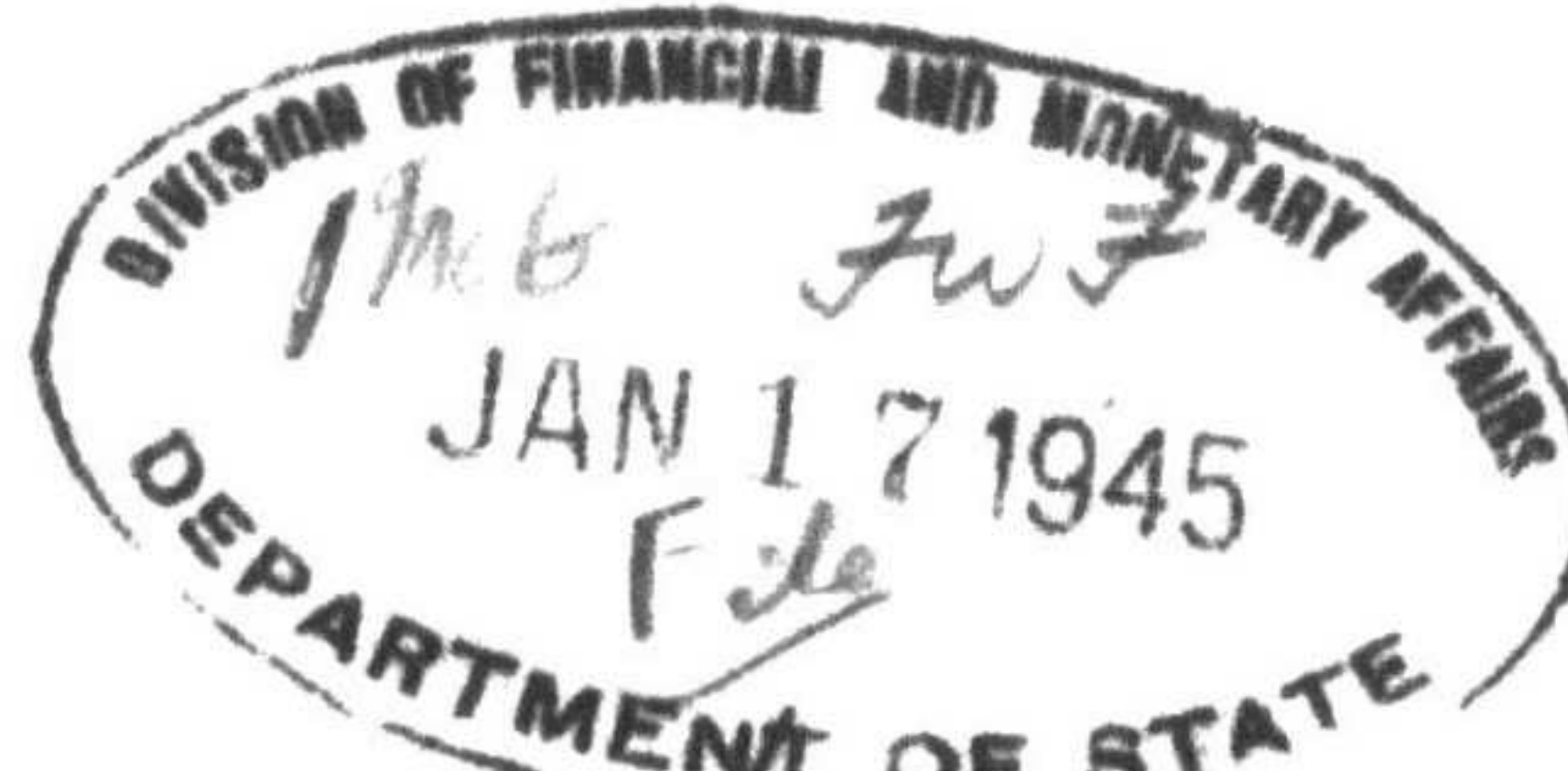
Date: December 26, 1944

Rec'd: January 5, 6p.m.

DEPARTMENT OF STATE

Secretary of State
Washington, D. C.

A-741, December 26, 10:00 a.m.



To Department and F.L.A. Dawson

Iraqi Dollar Exchange

Baghdad's A-76, December 21, 8:00 p.m., leads me to make the following comments: (See also in this connection my A-736, December 22, 10:00 a.m.)

(1) Paragraph 2 of A-76. The information here is a little too indefinite to enable one to comment upon it with accuracy. My assurances, however, were that the degree of importers choice which has to date prevailed would be applied in determining what the dollar requirements for Iraq would be for 1945. Hence, there would be no insistence that purchases from the United States would be limited only to commodities not obtainable from the Sterling Area. Provision was to have been made in the over-all estimate for the type of price competition between the United States and the Sterling Area products that should characterize trade. Also, I was not informed that there was to be any change in the operation of the so-called Iraqi pool. That Pool, according to my understanding, does provide for a record being maintained of all of Iraq's dollar earnings that are absorbed by London and also of Iraq's outgoing dollar payments but I do not understand that there has ever been an explicit guarantee by London to make available to Iraq the excess of such dollar earnings as may be found in this Pool. The mere matter of record keeping may implicitly indicate an obligation of that character and the recent temporary arrangements concluded and described in my A-736 indicate that so far as 1945 is concerned, Iraq would be entitled to her existing dollar balances in the Pool as well as such dollar earnings that she may acquire.

Handwritten: 1-7-45
JAN 8-1945
DIVISION OF STATE
COMMUNICATIONS
AND RECORDS

Handwritten: note 890g. 515

Anal.	Rev.	Cat.	Dist.
<i>Handwritten:</i> Dawson Hill			

FEB 10 1945

FILED

CS/MAH
Confidential File

890G.5151/12-2644

Handwritten: 890g 5151/12-2644

A-741, December 26, 10:00 a.m.

(2) Paragraph 3 of A-76. Henderson's proposal is a most interesting one. It runs, of course, counter to the whole concept of the operation of the Sterling Area. The Sterling Area bases itself upon the idea that dollars are made available to member countries according to their needs and are not dependent upon their dollar earnings. You will recall that in my conversations in London, I strongly intimated to the British Treasury that dollar earnings should be treated as a relevant factor in whatever over-all allocation should be made, but I could get no specific agreement to that effect other than the indication that my suggestions had been noted. This is a matter which Washington must face as a whole. With reference to the satellite countries to the Sterling Area, Washington can act by encouraging those countries to insist upon their dollar earnings being made available to them. This has been the line that I have been pursuing with the Egyptian authorities and specifically making the point that Henderson does make; namely, that unless they get the benefit of increased dollar earnings, we in the United States will not have an incentive to help them increase those dollar earnings. Obviously, however, for the British to accept the theory of the relevance of dollar earnings is to cut deep into the institution of the Sterling Area as a whole. In dealing with the British Colonies, unfortunately we cannot build up pressures of the character described above as we can with satellite states such as Egypt and Iraq. To date, I have not been aware that Washington has taken any position that it is concerned with the amount of dollars made available by London to the individual colonies. I believe it has been urged that Washington should take a position of this nature with reference to India, but to my knowledge nothing has as yet transpired. This, however, is the position which I took in my A-694 and you will recall that in my A-691, I indicated that in all probability, I would receive a sharp rebuff from the British for having taken that position.

(3) Paragraph 4 of A-76. The liquidation of Middle East sterling credits is obviously on the minds now of Middle East governments. The liquidation of these credits by means of the release by London of dollars presents exactly the same issues as are involved in the operation of the sterling area as a whole. Obviously, we are dealing with an over-all problem here that was intentionally by-passed at Breton Woods. Recently the Egyptians who attended the Breton Woods Conference were asked in the Parliament what they had succeeded in doing with this problem. It was believed that the Egyptians and the Iraqis at Breton Woods had gotten a promise from the British to discuss this question at some later date. The answers made by the Egyptian delegates to the Breton Woods conference were extremely non-committal. They made plain, however, that no further action of any kind has been taken along these lines by the British authority.

A copy of this airgram is being sent to Baghdad for Henderson.

TUCK

JLLandis/silverman

12-26-44